

August 7, 2008

Ladies and Gentlemen:

As Comptroller, I am committed to creating an environment that encourages the Texas economy to continue to grow. My office stands ready to assist communities and businesses in their efforts to seek out new opportunities and create new jobs. Together we can improve the quality of life of all Texans.

One of our responsibilities at this office is to analyze factors affecting the state's economy. To fulfill part of this responsibility, my office is releasing a series of reports highlighting economic development issues unique to the various regions of this state. *Texas in Focus: High Plains* was released in April 2008 as the first of these regional reports.

Now, I am pleased to present the second in the series, *Texas in Focus: South Texas*. It provides information on the issues that affect this area's 28 counties and highlights many of the region's successes. The region's decision makers will be able to use this report as a tool to drive economic growth.

The South Texas region's economic outlook is excellent. The region's rate of job growth will outpace that of the state through 2012, and South Texas has a young and rapidly growing population to grasp those opportunities. I hope you will find this report helpful.

Sincerely,

Susan Combs





Texas in Focus: South Texas

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Introduction

With its enormous size, large and diverse population and vast array of natural resources, Texas plays a significant role in the nation's economy. And Texas continues to grow, generating new jobs and providing better opportunities for its citizens to prosper.

It is important to all Texans that the state continues its economic growth and discovers new opportunities. And the role of state government is to create an environment in which this can happen.

The Texas Comptroller's office analyzes factors affecting the state's economy and uses this information to prepare its biennial fore-

cast of state revenue. To perform this task, the agency's economists keep their fingers on the pulse of the state, detecting changes as they occur and identifying trends that will affect our common future.

In January 2008, the Comptroller released *Texas in Focus: A Statewide View of Opportunities*, a report examining a series of issues affecting the state and the state's economy as a whole. In April 2008, the agency issued the first of 12 regional reports, *Texas in Focus: High Plains*, giving local leaders an in-depth look at their area.

This second report in the series, *Texas in Focus: South Texas*, examines issues affecting 28 counties, including the cities of Corpus Christi, Brownsville, Laredo, Del Rio, McAllen, Eagle Pass and Harlingen (**Exhibit 1**).



Entrance to South Padre Island

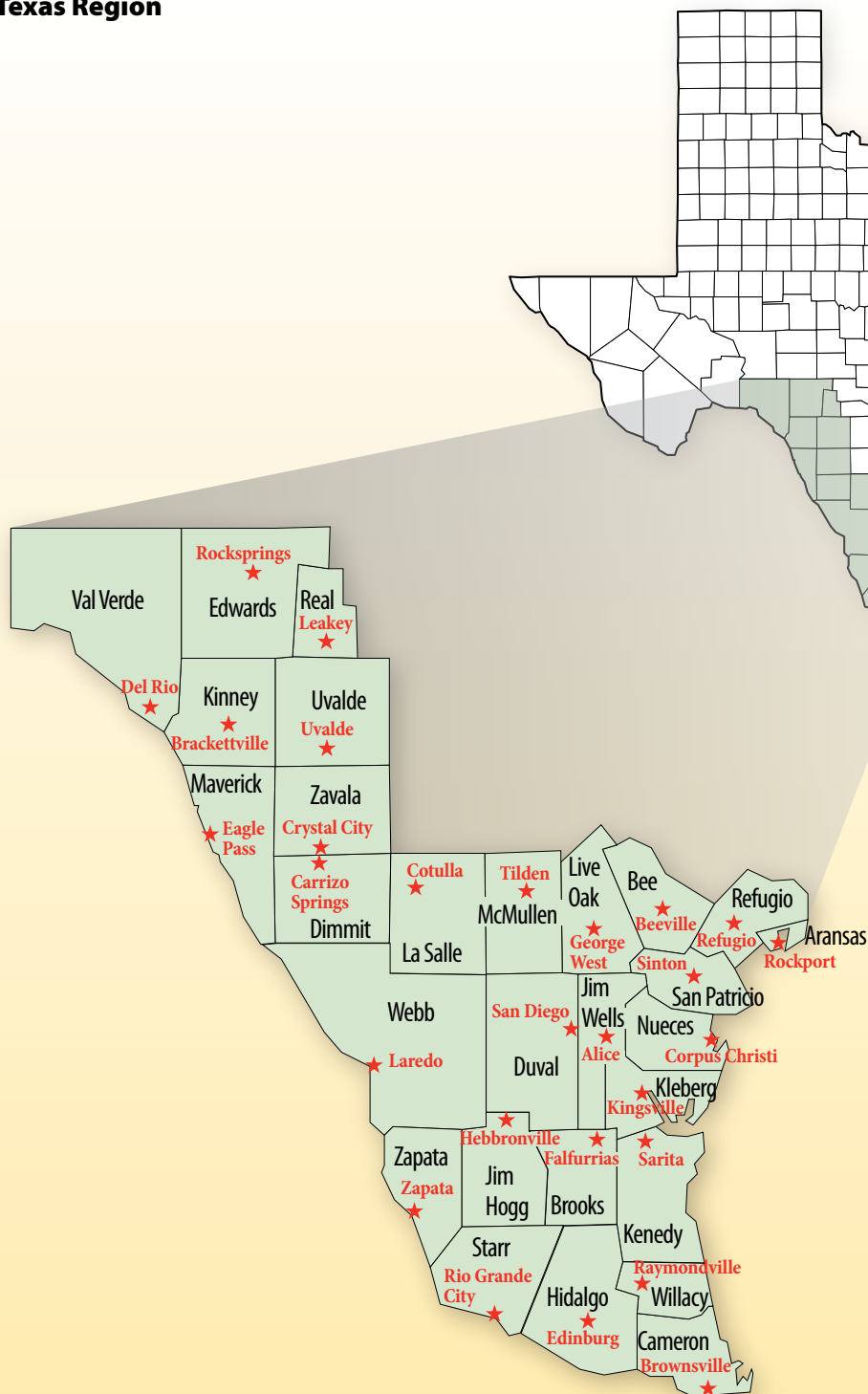
PHOTO: Wikipedia

1



Exhibit 1

South Texas Region



★ = County Seat

Source: Texas Comptroller of Public Accounts.



The report provides information on the forces driving change in South Texas, and examines factors that may affect the development of its economy. State leaders, county and city officials, chambers of commerce, economic development corporations and many others may use this report as a tool to stay on top of important issues as they work to keep their local economies thriving. Areas explored in this report include:

Economic Development

The South Texas region's economic outlook is excellent. The region's rate of job growth will outpace that of the state through 2012, with McAllen and Laredo experiencing the most growth. South Texas industries in the health care sector are expected to grow quickly and enjoy a regional competitive advantage.

Demographics

The South Texas region's population is growing rapidly, at a rate that has exceeded the state average since 2002. And its population is predominantly Hispanic and relatively young, with a much larger share of residents under the age of 25 than in the state as a whole. The region is poised to see a large number of workers entering its job market in the near future.

Infrastructure

The South Texas region has many strategic advantages due in large part to its location.

As with the rest of the state, however, it also faces challenges in maintaining its infrastructure and expanding it to meet the needs of the area's growing population and economy.

Health Care

The health care industry is a vibrant and rapidly growing part of the South Texas economy, particularly in metropolitan areas. Limited access to health care facilities and providers, high numbers of uninsured residents and a higher-than-average prevalence of chronic diseases such as diabetes pose difficult and expensive challenges for the region's residents, employers and state and local governments. But recent innovations are improving the quality and accessibility of health care in the area, serving as models for others to consider.

Education

South Texas ranks above the statewide average on several educational benchmarks. The region is producing and will continue to produce an educated and effective work force, with a large number of school districts showing rapid improvement. The region also offers more than two-dozen campuses of higher education, including several Texas A&M and University of Texas campuses and six community college districts with 12 campuses. These institutions are enjoying significant increases in enrollment and the number of degrees awarded.



Economic Development

The South Texas region occupies a diverse landscape including beaches, ports, ranches and vibrant cities. Its diverse scenery is reflected in its economy. The region is home to an assortment of industries that make South Texas not only unique but also competitive.

Despite the waning importance of manufacturing in most parts of the U.S., several manufacturing industries have been able to retain jobs in the region. This is particularly true in the food-processing sector, whose products benefit from strong consumer demand in the region.

The region's geographic proximity to Mexico makes industries allied with international

trade extremely important. Its transportation sector, particularly truck transportation, is an engine of local economic growth as well as a lifeline to the national economy. Service industries, particularly education and health care services, also are important.

The sections that follow look at the state of the South Texas regional economy, including its structure and the competitive advantages it enjoys.

Economic Trends

Exhibit 2 displays the estimated increase in employment expected for South Texas, its urban and rural areas and the state of Texas as a whole from 2002 to 2012. These expected changes are presented in the form of growth indices using 2002 as the base year, with an index equal to 100.

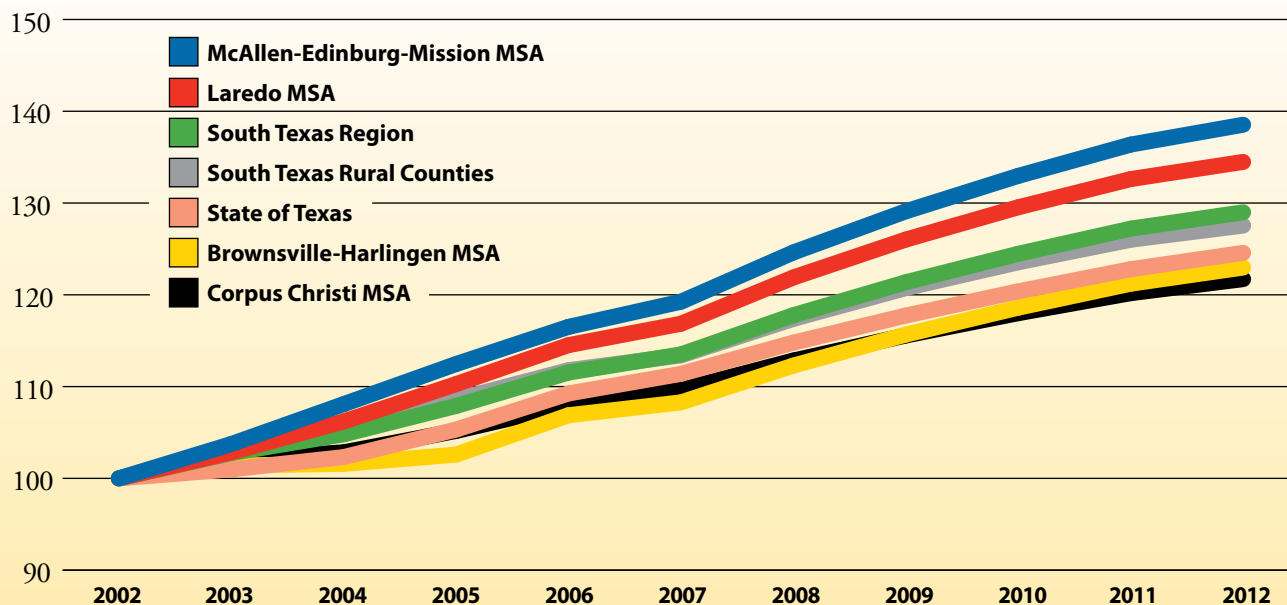
The MSAs of McAllen-Edinburg-Mission and Laredo are expected to experience the highest job growth rates.



Bayfront Convention Center in Corpus Christi

PHOTO: Broken Piggy Bank

Exhibit 2

South Texas Region Employment Indices, 2002-2012

Source: Economic Modeling Specialists Inc.

The metropolitan statistical areas of McAllen-Edinburg-Mission and Laredo are expected to experience the highest job growth rates. From 2002 to 2012, employment is projected to grow by 38.5 percent and 34.5 percent for the McAllen-Edinburg-Mission and Laredo MSAs, respectively. For the South Texas region as a whole, the projected employment growth rate is estimated at about 29 percent, higher than the projected state growth rate of about 25 percent.

Some areas in South Texas are expected to grow at a slower rate than the state average. Corpus Christi MSA employment is expected to grow at a rate of 21.7 percent over the 11-year period. The Brownsville-Harlingen MSA is expected to increase its employment by 23.0 percent, while the region's rural

counties should boost employment by 27.5 percent.

Exhibit 3 provides a more detailed picture of projected employment growth in the South Texas region. This exhibit displays growth indices, again with 2002 as the base year with an index value of 100, for various industries in the region. Employment numbers for these industries are presented at the 11-industry "supersector" level of the North American Industry Classification System (NAICS).¹

A supersector, which is identified by a two digit NAICS code, represents an aggregation of industries producing a set of related goods and services. At the most aggregate level, industries are classified into either goods producing or service producing supersectors. The goods producing supersector is

The educational and health services sector is expected to experience the most significant employment growth from 2002 to 2012.



composed of three supersectors pertaining to natural resources and mining, construction, and manufacturing. The service producing supersector, on the other hand, is comprised of eight supersectors that provide services ranging from trade, transportation, utilities, to information, finance, education, health, and government.

The educational and health services sector is expected to experience the most significant employment growth from 2002 to 2012, with a final index value of 152.7, representing a 52.7 percent employment increase over the 11-year time period.

Other industry sectors expected to experience significant employment growth include financial activities and professional and

Naval Air Station Test Cell

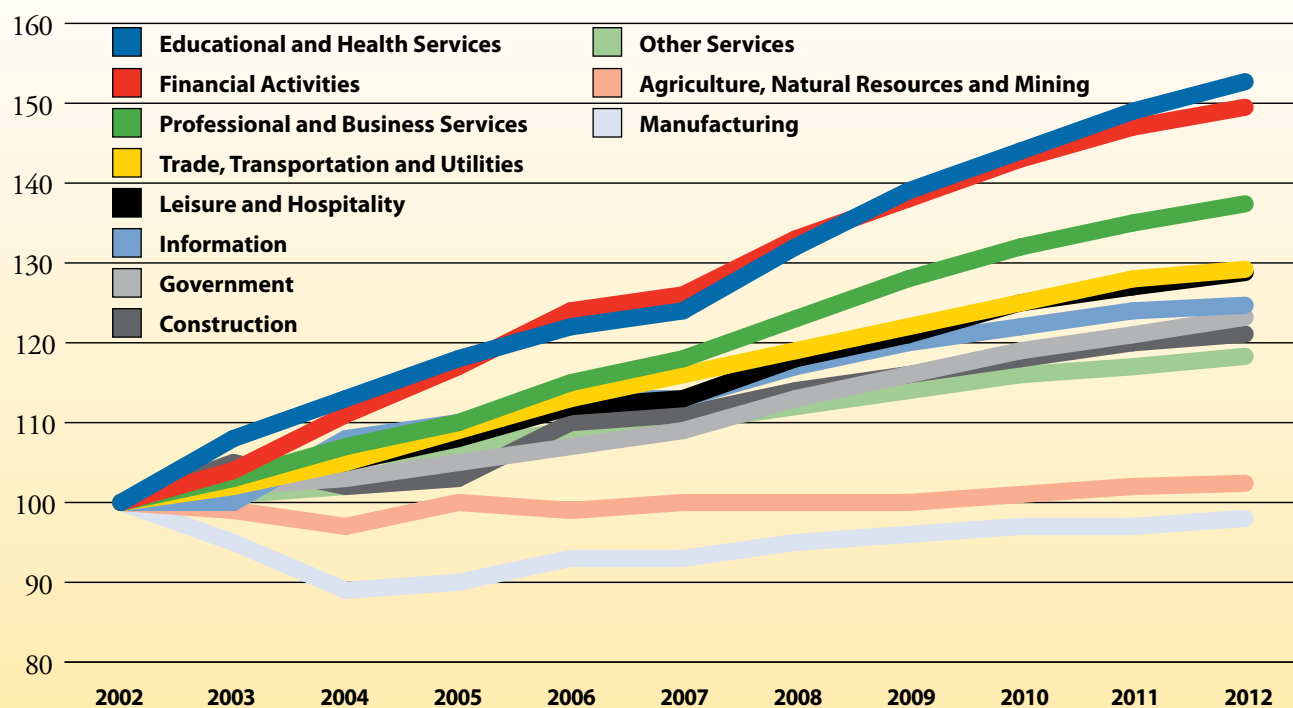
At this writing, the federal government is set to begin construction on an engine test cell facility at the Naval Air Station in Kingsville. The new facility will provide state-of-the-art testing capabilities for F405 engines, which are used on the T-45 aircraft used by student pilots.

The \$12.7 million dollar construction contract, awarded by the Department of Defense, includes several technological improvements. A prefabricated run room constructed using acoustical paneling, primary and secondary air inlets and an exhaust augments will be built into the facility. About 50 to 75 new jobs will be created during the construction phase.

According to the base's Chief of Naval Air Training, Lt. Sean Roberston, the current test cell, built in the 1980s, is outdated and suffering from considerable wear and corrosion. Construction of the new test cell facility will be finished in early 2010.

Exhibit 3

South Texas Region Employment by Industry Sector, 2002-2012



Source: Economic Modeling Specialists Inc.



business services, which are expected to post growth rates of 49.5 percent and 37.4 percent, respectively. Other regional industries expected to realize positive job growth rates by 2012 include the “other services” sector (18.3 percent) and the trade, transportation and utilities sector (29.2 percent).²

In contrast to this relatively robust growth, the agriculture, natural resources and mining sector is expected to grow jobs at a rate of just 2.4 percent over the study period. The only supersector expected to shed jobs is manufacturing, projected to lose about 2 percent of its jobs.

Economic Structure

All job growth depends upon the region’s economic structure. That structure comprises multiple characteristics, including natural resources, labor force characteristics and the composition and concentration of the region’s industries. This latter characteristic, which is alternatively referred to as clustering, is particularly important since industry clusters allow firms within the cluster to have access to more suppliers, skilled laborers, and

the transfer of knowledge and information.³ These beneficial consequences that result from high industry concentrations give a region its competitive edge.⁴

One tool that can be used to identify industry concentration is the “location quotient.” An industry’s location quotient simply compares the share of a region’s economy attributable to an industry to the share that the same industry accounts for in the nation’s economy.

In essence, the share an industry accounts for in the national economy is seen as the “norm” for that industry, so comparing that norm with the share for a regional economy indicates whether that region tends to have “a lot” or “a little” of a particular industry.

Typically, a region will contain “a lot” of industries for which it has some natural or developed competitive advantage, based for instance on a local abundance of a particular resource, climate, an advantageous natural feature (such as proximity to a port, for instance), labor skills or some other factor.

A location quotient greater than one signifies that the region has a high concentration of employment in the industry compared to the same industry at the national level. This means that the region is “specialized” in that particular industry.

A location quotient of less than one indicates that the region’s concentration in the industry under consideration is less than that of the same industry at the national level. In essence, the region is less specialized in that given industry.

Exhibit 4 lists the Top 50 industries in the South Texas region with the largest location quotients, based on 2007 employment. These industries are grouped based on

Beeville: Main Street City

The Texas Historical Commission designated Beeville as a Texas Main Street City in 2006.⁵ In 2008, the National Trust for Historic Preservation tapped Beeville as a National Main Street City.⁶ This designation is based on basic performance standards that provide a benchmark for revitalization of the commercial district. The Texas Main Street Program has assisted more than 140 Texas cities and resulted in more than \$1.3 billion in downtown revitalization. The national program is designed to reward and recognize preservation and economic development strategies that assist cities in revitalizing their historic downtowns and commercial districts.



Exhibit 4

South Texas Largest Industry Location Quotients, 2007***Agriculture, Natural Resources and Mining***

NAICS Code	Description	2007 Jobs	2007 LQ
21311	Support activities for mining	13,491	8.39
21229	Other metal ore mining	156	5.79
11421	Hunting and trapping	386	4.26
21111	Oil and gas extraction	5,856	2.89
11511	Support activities for crop production	8,037	2.84
11411	Fishing	1,306	2.63

Construction

NAICS Code	Description	2007 Jobs	2007 LQ
23621	Industrial building construction	5,665	5.17
23819	Other building exterior contractors	2,043	5.08
23712	Oil and gas pipeline construction	1,375	2.68
23799	Other heavy construction	2,000	2.10

Manufacturing

NAICS Code	Description	2007 Jobs	2007 LQ
31621	Footwear manufacturing	1,047	11.12
32411	Petroleum refineries	2,688	7.02
31183	Tortilla manufacturing	605	6.27
31121	Flour milling and malt manufacturing	393	4.09
33661	Ship and boat building	2,930	3.49
31131	Sugar manufacturing	227	3.15
31171	Seafood product preparation and packaging	620	2.78
32552	Adhesive manufacturing	267	2.11
32791	Abrasive product manufacturing	130	2.11

Trade, Transportation and Utilities

NAICS Code	Description	2007 Jobs	2007 LQ
48851	Freight transportation arrangement	7,906	7.52
48833	Navigational services to shipping	535	4.44
48819	Other support activities for air transport	2,273	4.39
48839	Other support activities for water transport	190	3.44
48521	Interurban and rural bus transportation	377	3.26
49312	Refrigerated warehousing and storage	789	2.91
42472	Other petroleum merchant wholesalers	1,104	2.89

The South Texas footwear manufacturing industry has 11 times more workers than the same industry at the national level.

Exhibit 4 (cont.)

South Texas Largest Industry Location Quotients, 2007

NAICS Code	Description	2007 Jobs	2007 LQ
48412	General freight trucking, long-distance	15,368	2.53
49313	Farm product warehousing and storage	136	2.48
42448	Fruit and vegetable merchant wholesalers	1,069	2.42
42471	Petroleum bulk stations and terminals	408	2.26
44521	Meat markets	613	2.14
44523	Fruit and vegetable markets	589	2.12
22131	Water supply and irrigation systems	430	2.10
44711	Gasoline stations with convenience stores	7,898	1.91
44131	Automotive parts and accessories stores	3,582	1.89
44112	Used car dealers	2,591	1.87
42481	Beer and ale merchant wholesalers	919	1.86

Financial Activities

NAICS Code	Description	2007 Jobs	2007 LQ
52592	Trusts, estates, and agency accounts	876	4.88
52591	Open-end investment funds	1,002	2.95
52313	Commodity contracts dealing	225	2.47
53241	Heavy machinery rental and leasing	1,361	2.31
53242	Office equipment rental and leasing	212	2.16

Professional and Business Services

NAICS Code	Description	2007 Jobs	2007 LQ
56142	Telephone call centers	6,484	2.96
56121	Facilities support services	1,644	1.84

Educational and Health Services

NAICS Code	Description	2007 Jobs	2007 LQ
62161	Home health care services	52,470	8.50
61141	Business and secretarial schools	313	3.14
62412	Services for the elderly and disabled	9,365	2.76
62191	Ambulance services	2,277	2.44

Leisure and Hospitality

NAICS Code	Description	2007 Jobs	2007 LQ
72121	RV parks and recreational camps	758	1.98
71312	Amusement arcades	204	1.83

Source: Economic Modeling Specialists Inc.



their respective NAICS supersectors and are ranked from the highest to lowest location quotient for each supersector.⁷

The location quotients for these 50 industries ranged in value from 1.83 for amusement arcades to 11.12 for the footwear manufacturing industry. In the case of amusement arcades, the level of employment in this South Texas industry is 83 percent more than its national counterpart. On the other hand, the South Texas footwear manufacturing industry has 11 times more workers than the same industry at the national level.

Most Competitive Industries

While location quotients provide important information on regional industry concentrations, the portrait they paint is only

a snapshot, a static measure for a particular point in time. To assess the competitive resilience of a regional industry, a more dynamic measure is needed. One such measure is “shift-share analysis.”

In this analysis, the change in an industry’s presence in a region is divided into three components: the portion attributable to the overall growth or decline in the nation’s economy (the national growth effect); that attributable to the industry’s national level growth or decline above or below the national growth trend (the industry mix effect); and that attributable to the region’s competitiveness as a site for the industry (the regional competitiveness effect).

Exhibit 5 lists the 50 most competitive industries in South Texas, based on shift-share analysis. The industries are ranked based

The home health care services industry posted the largest gain in employment between 2002 and 2007, with 15,319 jobs created.

Ranching in South Texas

Livestock ranches in the South Texas region are a big reason why Texas leads the nation in the number of cattle and calves.⁸ According to data from the United States Department of Agriculture National Agriculture Statistics Service, there were 9,464 ranches of cattle and calves, sheep, and lambs in the region in 2002. Some ranches that have cattle and sheep may be counted twice, and individuals who have one head of cattle (or one sheep or lamb) may also be counted as a ranch. Currently, the region’s ranches are home to 67,000 Angora goats, 943,000 head of cattle, 211,300 goats, and 145,200 head of sheep and lambs.

Ranching has always been an integral part of the South Texas culture and economy. Some of the state’s largest ranches are located in the region. And though these ranches and their culture have long histories, at least one ranch has been at the forefront of innovation in cattle breeding.

Richard King and Gideon K. Lewis founded the King Ranch in 1852 on Santa Gertrudis Creek.⁹ According to the King Ranch Web site, “The founders and management of the King Ranch have always had the vision of developing hardy, heat tolerant breeds of cattle that could also produce beef of superior quality.” To that end, the ranch developed two breeds of cattle, the Santa Gertrudis and the Santa Cruz.

The Santa Gertrudis, the first beef breed developed in the U.S., as recognized by the U.S. Department of Agriculture in 1940, was also the first new breed developed worldwide in more than 100 years. Today, the breed is recognized for its ability to thrive in hot climates all over the world.

More recently, the ranch developed the Santa Cruz breed, which can withstand the harsh South Texas climate while providing a better-marbled, more tender cut of beef.

Exhibit 5

Most Competitive Industries in South Texas, 2007**Construction**

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
16	23819	Other building exterior contractors	63	387	821	1,272
37	23712	Oil and gas pipeline construction	68	86	387	542
42	23713	Power and communication system construction	34	25	409	469

Manufacturing

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
27	31621	Footwear manufacturing	18	(58)	873	834
44	33531	Electrical equipment manufacturing	52	(108)	504	447
50	33999	All other miscellaneous manufacturing	43	(63)	379	359

Trade, Transportation and Utilities

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
3	48412	General freight trucking, long-distance	920	461	2,788	4,170
6	45211	Department stores	621	(1,071)	4,295	3,845
13	44711	Gasoline stations with convenience stores	520	(619)	1,672	1,572
15	44814	Family clothing stores	262	400	717	1,379
17	44411	Home centers	154	302	807	1,262
22	48411	General freight trucking, local	232	99	765	1,096
26	48819	Other support activities for air transport.	114	209	558	881
28	44611	Pharmacies and drug stores	204	(59)	628	773
29	44111	New car dealers	492	(617)	859	734
33	44131	Automotive parts and accessories stores	244	(210)	573	607
34	44511	Supermarkets and other grocery stores	1,207	(1,251)	647	603
36	45299	All other general merchandise stores	140	(30)	464	575
40	48422	Other specialized trucking, local	110	8	363	481
41	48833	Navigational services to shipping	5	(5)	476	477
43	42433	Women's and children's clothing merchant wholesalers	16	10	427	452



Exhibit 5 (cont.)

Most Competitive Industries in South Texas, 2007

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
46	42383	Industrial machinery merchant wholesalers	145	(141)	401	405
47	44619	Other health and personal care stores	47	(31)	362	379
49	44811	Men's clothing stores	17	(8)	359	369

Information

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
20	51721	Wireless telecommunications carriers	84	5	1,047	1,136
45	51511	Radio broadcasting	35	(13)	384	407

Financial Activities

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
7	52211	Commercial banking	643	(182)	2,485	2,947

Professional and Business Services

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
12	56132	Temporary help services	593	704	524	1,821
21	54161	Management consulting services	208	330	588	1,126
24	54121	Accounting and bookkeeping services	368	35	591	994
35	56133	Professional employer organizations	20	(44)	613	589

Education and Health Services

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
1	62161	Home health care services	3,051	9,593	2,674	15,319
4	62412	Services for the elderly and disabled	440	2,047	1,517	4,005
9	62111	Offices of physicians	1,094	179	984	2,258
10	62211	General medical and surgical hospitals	1,695	(227)	583	2,051
14	62331	Community care facilities for the elderly	107	173	1,123	1,403
18	62441	Child day care services	882	(485)	839	1,235
23	62311	Nursing care facilities	548	(472)	1,002	1,078
25	62134	Offices of specialty therapists	130	341	519	990
30	62191	Ambulance services	127	165	440	731
32	61151	Technical and trade schools	41	60	580	681

Exhibit 5 (cont.)

Most Competitive Industries in South Texas, 2007

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
38	62231	Other hospitals	36	53	435	524

Leisure and Hospitality

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
5	72221	Limited-service eating places	2,118	1,490	395	4,004
19	72231	Food service contractors	181	100	856	1,137
39	71131	Promoters with facilities	13	35	461	509

Other Services

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
8	81411	Private households	607	1,641	652	2,899
48	81121	Electronic equipment repair and maintenance	47	(27)	356	376

Government

Rank	NAICS Code	Description	Nat Growth Effect	Ind Mix Effect	Competitive Effect	Job Change 2002-2007
2	93000	Local government	9,496	(1,786)	4,185	11,895
11	91100	Federal government, civilian, except postal service	1,228	(278)	1,025	1,975
31	91200	Federal government, military	1,015	(1,250)	942	707

Source: Economic Modeling Specialists Inc.

on their change in employment between 2002 and 2007, and grouped based on their respective NAICS supersectors.

The home health care services industry posted the largest gain in employment between 2002 and 2007, with 15,319 jobs created. Based on the shift-share analysis, about 63 percent of this increase in employment (9,593 jobs) is attributable to the industry mix effect; in essence, this means that the national home health care services industry grew at a faster rate than did the national economy between 2002 and 2007.

Another industry that posted significant gains in South Texas employment is local government. From 2002 to 2007, this sector increased its employment in the region by 11,895. Roughly 61 percent of this change in employment was influenced by growth trends in the national economy.

Industries comprising the region's construction, manufacturing, and trade, transportation and utilities supersectors experienced job growth largely by virtue of the regional competitiveness effect. In the case of the industries comprising the region's construction



and transportation sectors, the competitive effect and the industry mix effect both played major roles; individual growth rates for these industries were larger than national growth trends for the same time period.¹⁰

Good Jobs for the Future

Shift-share analysis identified the region's most competitive industries — those that possess the best probabilities for increased employment opportunities. What types of occupations can South Texans expect to find within these industries?

Exhibit 6 presents a list of “good jobs” for the future in South Texas. The exhibit presents occupation information by grouping occupations based on their educational requirements.

Occupations requiring doctoral and professional degrees command the highest median annual earnings, with a weighted average of \$117,363 for the region. Occupations requiring educational levels ranging from associate to master's degrees are expected to provide median annual earnings of about

\$20,000 more than occupations requiring only various forms of “on-the-job-training.”

For the purpose of this analysis, a “good job” is one for which the weighted average (using total job openings as a weight) of median annual earnings exceeds \$29,243. This yields 140 occupations for the South Texas region.

It should be noted that many occupations that meet the “good jobs” definition do not require a bachelor's degree. There are a number of occupations which entail related work experience, “on-the-job-training”, or postsecondary vocational awards that provide good wages. For example, aircraft mechanics and service technicians, who typically have postsecondary vocational training, earn a median annual income of approximately \$44,000. Occupations that entail long-term on-the-job-training, such as telecommunications equipment installers and repairers, could earn a median annual income of roughly \$49,000. Other occupations that could earn similar annual wages, such as wholesale and manufacturing

(continued on page 23)

There are 140 occupations in South Texas that pay at least \$29,000 in annual income.

Economic Development in Alice, Texas

According to the executive director of the Alice/Jim Wells County Economic Development Corporation, the city of Alice and Jim Wells County are experiencing expansion in several area industries. Due to the rising global demand for and skyrocketing prices of oil and natural gas, several new companies have begun operations in town, including Trend Services (an equipment rental company) Carbo Ceramics (a ceramic parts manufacturer) and CC Forbes (an oil and gas operator).

Several existing businesses have expanded and in some cases built additional facilities including Petron (an oil and gas manufacturer and supplier), Montez Electric and Dixie Ironworks. In addition, two new hotels are under construction, as are a new restaurant, a sporting goods store and a woman's apparel store. A biomedical research facility recently completed in Jim Wells County has added 52 new jobs and increased personal income in the South Texas region by \$2.1 million.



Exhibit 6

“Good Jobs” in the South Texas Region, 2007-2012

Doctoral and First Professional Degrees	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Physicians and surgeons	3,429	3,927	678	498	180	\$165,904
Dentists, general	273	312	62	39	23	129,648
Pharmacists	1,228	1,504	382	276	106	111,856
Lawyers	2,619	2,971	489	352	137	76,168
Optometrists	172	214	51	42	9	63,835
Clinical, counseling, and school psychologists	501	607	122	106	16	46,095
Weighted Average Annual Earnings						\$117,363

Master's degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Geoscientists, except hydrologists and geographers	379	429	95	50	45	\$106,073
Physical therapists	927	1,154	273	227	46	80,152
Occupational therapists	486	597	141	111	30	74,748
Speech-language pathologists	937	1,110	254	173	81	58,068
Counselors, all other	566	654	138	88	50	54,550
Instructional coordinators	1,092	1,338	318	246	72	53,838
Educational, vocational, and school counselors	2,353	2,704	573	351	222	52,225
Environmental scientists and specialists, including health	358	406	90	48	42	52,176
Librarians	1,064	1,183	263	119	144	47,092
Mental health counselors	234	275	57	41	16	38,012
Mental health and substance abuse social workers	271	315	67	44	23	32,440
Weighted Average Annual Earnings						\$58,723

Degree plus Work Experience	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Chief executives	5,473	6,346	983	873	110	\$109,867
Marketing managers	408	463	82	55	27	98,519
Engineering managers	304	335	60	31	29	96,327
Computer and information systems managers	447	506	91	59	32	80,271



Exhibit 6 (cont.)

“Good Jobs” in the South Texas Region, 2007-2012

Degree plus Work Experience	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Sales managers	913	1,023	192	110	82	74,078
Financial managers	1,801	2,105	387	304	83	72,549
Medical and health services managers	1,568	1,870	404	302	102	71,350
General and operations managers	11,124	11,987	2,107	863	1,244	68,193
Education administrators, elementary and secondary school	2,062	2,368	560	306	254	66,487
Administrative services managers	1,176	1,333	310	157	153	65,141
Judges, magistrate judges, and magistrates	263	302	64	39	25	56,056
Management analysts	2,456	2,818	451	362	89	53,410
Vocational education teachers, middle school	367	385	67	18	49	48,182
Vocational education teachers, secondary school	957	1,078	285	121	164	47,262
Producers and directors	264	310	71	46	25	40,726
Weighted Average Annual Earnings						\$73,383

Bachelor's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Health diagnosing and treating practitioners, all other	323	388	78	65	13	\$109,751
Petroleum engineers	226	251	53	25	28	107,285
Physician assistants	390	483	119	93	26	90,172
Mechanical engineers	302	333	60	31	29	77,152
Computer software engineers, systems software	357	419	82	62	20	71,684
Computer software engineers, applications	294	362	83	68	15	70,875
Industrial engineers	244	297	82	53	29	\$66,281
Civil engineers	860	948	175	88	87	62,286
Network systems and data communications analysts	435	548	142	113	29	59,070
Financial analysts	772	985	221	213	8	58,352
Business operation specialists, all other	3,413	3,953	717	540	177	55,595



Exhibit 6 (cont.)

“Good Jobs” in the South Texas Region, 2007-2012

Bachelor’s Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Adult literacy, remedial education, and GED teachers and instructors	808	978	192	170	22	54,961
Computer systems analysts	866	1,025	261	159	102	54,169
Loan officers	1,109	1,241	188	132	56	52,375
Human resources, training, and labor relations specialists, all other	328	374	75	46	29	50,191
Computer programmers	723	749	97	26	71	49,878
Dietitians and nutritionists	339	393	87	54	33	46,398
Accountants and auditors	5,331	6,079	1,028	748	280	46,249
Medical and clinical laboratory technologists	619	710	137	91	46	45,798
Secondary school teachers, except special and vocational education	9,813	11,328	2,976	1,515	1,461	45,434
Public relations specialists	732	829	120	97	23	44,817
Middle school teachers, except special and vocational education	8,752	10,523	2,671	1,771	900	44,665
Construction managers	5,000	5,492	578	492	86	44,151
Market research analysts	518	576	71	58	13	43,975
Special education teachers, preschool, kindergarten, and elementary school	1,033	1,218	291	185	106	43,468
Network and computer systems administrators	601	715	177	114	63	43,312
Social and community service managers	689	777	142	88	54	43,228
Elementary school teachers, except special education	18,887	21,896	4,789	3,009	1,780	42,868
Special education teachers, secondary school	546	628	142	82	60	42,842
Compensation, benefits, and job analysis specialists	322	369	77	47	30	41,697
Special education teachers, middle school	509	575	123	66	57	41,663
Kindergarten teachers, except special education	1,683	1,953	380	270	110	41,190
Medical and public health social workers	642	785	205	143	62	40,703



Exhibit 6 (cont.)

“Good Jobs” in the South Texas Region, 2007-2012

Bachelor's Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Training and development specialists	463	528	109	65	44	40,258
Probation officers and correctional treatment specialists	470	545	102	75	27	34,717
Securities, commodities, and financial services sales agents	1,818	2,294	520	476	44	33,059
Child, family, and school social workers	1,237	1,415	301	178	123	32,396
Tax examiners, collectors, and revenue agents	309	349	79	40	39	31,869
Editors	359	399	78	40	38	31,600
Insurance sales agents	3,151	3,627	623	476	147	31,565
Social workers, all other	215	248	51	33	18	30,076
Weighted Average Annual Earnings						\$45,427

Associates Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Computer specialists, all other	247	281	56	34	22	\$70,379
Electrical and electronic engineering technicians	615	663	107	48	59	58,220
Registered nurses	11,853	14,281	3,395	2,428	967	57,049
Physical therapist assistants	421	532	138	111	27	52,787
Dental hygienists	456	560	147	104	43	52,531
Life, physical, and social science technicians, all other	408	458	127	50	77	51,237
Geological and petroleum technicians	181	204	57	23	34	50,282
Respiratory therapists	493	601	144	108	36	48,856
Radiologic technologists and technicians	1,068	1,273	277	205	72	46,582
Environmental science and protection technicians, including health	288	335	101	47	54	43,834
Interior designers	267	307	55	40	15	37,838
Paralegals and legal assistants	711	831	164	120	44	34,114
Computer support specialists	1,506	1,716	424	210	214	31,394

Exhibit 6 (cont.)

"Good Jobs" in the South Texas Region, 2007-2012

Associates Degree	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Respiratory therapy technicians	186	209	51	23	28	31,007
Weighted Average Annual Earnings						\$52,483

Postsecondary vocational award	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Aircraft mechanics and service technicians	2,071	2,347	380	276	104	\$43,981
Licensed practical and licensed vocational nurses	6,684	7,693	1,915	1,009	906	37,139
Court reporters	253	295	57	42	15	36,541
Surgical technologists	473	583	182	110	72	35,701
Mobile heavy equipment mechanics, except engines	868	990	203	122	81	29,643
Weighted Average Annual Earnings						\$37,425

Long-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Claims adjusters, examiners, and investigators	837	921	179	84	95	\$59,084
Compliance officers, except agriculture, construction, health and safety, and transportation	2,950	3,284	506	334	172	54,815
Telecommunications line installers and repairers	784	844	150	60	90	49,200
Petroleum pump system operators, refinery operators, and gaugers	1,107	1,213	333	106	227	47,248
Sheet metal workers	873	932	151	59	92	46,388
Telecommunications equipment installers and repairers, except line installers	960	1,019	162	59	103	45,424
Coaches and scouts	603	682	140	79	61	42,269
Electrical power-line installers and repairers	600	650	141	50	91	41,398
Police and sheriff's patrol officers	4,721	5,507	1,417	786	631	39,426



Exhibit 6 (cont.)

“Good Jobs” in the South Texas Region, 2007-2012

Long-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Industrial machinery mechanics	1,454	1,641	305	187	118	37,542
Fire fighters	1,828	2,119	624	291	333	37,134
Brickmasons and blockmasons	661	694	77	33	44	32,006
Electricians	3,266	3,560	595	294	301	31,535
Plumbers, pipefitters, and steamfitters	2,428	2,690	462	262	200	31,263
Machinists	1,399	1,559	286	160	126	31,207
Heating, air conditioning, and refrigeration mechanics and installers	2,054	2,257	334	203	131	29,814
Weighted Average Annual Earnings						\$39,677

Moderate-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Sales representatives, wholesale and manufacturing, technical and scientific products	1,388	1,565	243	177	66	\$57,341
Sales representatives, wholesale and manufacturing, except technical and scientific products	5,460	6,104	1,157	644	513	40,510
Rotary drill operators, oil and gas	659	724	116	65	51	39,660
Plating and coating machine setters, operators, and tenders, metal and plastic	223	243	67	20	47	37,176
Wellhead pumpers	512	565	180	53	127	36,865
Derrick operators, oil and gas	284	321	59	37	22	35,364
Sales representatives, services, all other	2,448	2,908	627	460	167	34,396
Advertising sales agents	692	800	156	108	48	33,848
Service unit operators, oil, gas, and mining	1,353	1,544	296	191	105	31,618
Executive secretaries and administrative assistants	7,054	8,015	1,465	961	504	30,926
Truck drivers, heavy and tractor-trailer	15,647	18,186	3,665	2,539	1,126	29,432
Weighted Average Annual Earnings						\$33,121



Exhibit 6 (cont.)

“Good Jobs” in the South Texas Region, 2007-2012

Short-term on-the-job training	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Postal service mail carriers	1,175	1,203	200	28	172	\$44,658
Production, planning, and expediting clerks	944	1,041	223	97	126	38,213
Transportation workers, all other	254	300	69	46	23	33,840
Weighted Average Annual Earnings						\$40,220

Work experience in a related field	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
Industrial production managers	426	456	114	30	84	\$79,133
Managers, all other	8,395	9,765	1,431	1,370	61	78,587
First-line supervisors/managers of police and detectives	702	815	223	113	110	71,845
Transportation, storage, and distribution managers	732	875	226	143	83	59,808
First-line supervisors/managers of non-retail sales workers	4,591	5,239	718	648	70	54,205
Detectives and criminal investigators	3,437	4,151	1,090	714	376	53,794
First-line supervisors/managers of mechanics, installers, and repairers	2,319	2,530	472	211	261	47,035
Purchasing agents, except wholesale, retail, and farm products	747	811	139	64	75	43,145
First-line supervisors/managers of construction trades and extraction workers	6,764	7,414	865	650	215	42,233
Cost estimators	640	727	137	87	50	40,120
First-line supervisors/managers of production and operating workers	2,634	2,822	457	188	269	39,802
Lodging managers	919	1,157	258	238	20	38,488
Wholesale and retail buyers, except farm products	580	643	102	63	39	38,426
First-line supervisors/managers of transportation and material-moving machine and vehicle operators	1,031	1,176	243	145	98	37,980



Exhibit 6 (cont.)

“Good Jobs” in the South Texas Region, 2007-2012

Work experience in a related field	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Median Annual Earnings
First-line supervisors/managers of office and administrative support workers	7,852	8,703	1,590	851	739	35,459
First-line supervisors/managers of correctional officers	417	489	129	72	57	33,004
Construction and building inspectors	830	958	193	128	65	31,313
First-line supervisors/managers of retail sales workers	16,075	18,135	2,879	2,060	819	29,408
Weighted Average Annual Earnings						\$45,394

Sources: Economic Modeling Specialists Inc., Texas Workforce Commission and Comptroller calculations.

sales representatives and postal service mail carriers, require moderate-term and short-term on-the-job-training, respectively.

Exhibit 7 lists 25 occupations expected to have the highest number of job openings between 2007 and 2012. The occupation most in demand, personal and home care aide, is expected to create a total of 16,360 openings between 2007 and 2012 with median annual earnings of approximately \$13,998.¹¹

Nineteen of the 25 occupations with the most openings, accounting for about 76 percent of the total, do not require educational preparation beyond a high school diploma. Of the remaining six occupations requiring educational training beyond high school, four are in the field of education and require at least a bachelor's degree.

Exhibit 7 makes obvious the positive relationship between educational levels and annual earnings. Of the 25 occupations with the most openings, the postsecondary teacher occupation has the highest median

annual earnings, at \$84,261, and the highest educational requirement, a doctoral degree.

Comptroller Assistance

One of the many functions of the Texas Comptroller's office is to provide economic development information to local governments and other groups, and to analyze demographics, the labor force and other economic factors needed to generate economic growth in communities. Through the Texas EDGE (Economic Data for Growth and Expansion) Program, the agency can run economic models and provide analyses that identify occupational and industry trends and their effects on local and regional economies.

The Comptroller's office also can provide local demographic data, identify business clusters and provide maps of regional infrastructure including highways, railroads and other public facilities. For assistance, please visit www.window.state.tx.us/texasedge or e-mail texas.edge@cpa.state.tx.us.

Exhibit 7

Occupations in South Texas with the Most Projected Openings by 2012

Rank	Description	2007 Jobs	2012 Jobs	Total Job Openings	Growth	Replacement	Annual Earnings
1	Personal and home care aides	43,066	55,939	16,360	12,873	3,487	\$13,998
2	Retail salespersons	30,334	34,491	8,199	4,157	4,042	17,909
3	Cashiers, except gaming	22,818	24,292	7,214	1,474	5,740	15,101
4	Combined food preparation and serving workers, including fast food	24,792	28,216	5,771	3,424	2,347	13,541
5	Customer service representatives	17,463	20,695	5,609	3,232	2,377	19,968
6	Waiters and waitresses	12,611	14,463	5,228	1,852	3,376	13,499
7	Elementary school teachers, except special education	18,887	21,896	4,789	3,009	1,780	42,868
8	Office clerks, general	17,894	20,347	4,042	2,453	1,589	18,699
9	Truck drivers, heavy and tractor-trailer	15,647	18,186	3,665	2,539	1,126	29,432
10	Home health aides	12,545	15,661	3,652	3,116	536	15,766
11	Registered nurses	11,853	14,281	3,395	2,428	967	57,049
12	Maids and housekeeping cleaners	12,770	15,568	3,338	2,798	540	13,104
13	Teacher assistants	12,699	14,862	3,101	2,163	938	21,528
14	Laborers and freight, stock, and material movers, hand	12,503	13,601	3,013	1,098	1,915	16,682
15	Secondary school teachers, except special and vocational education	9,813	11,328	2,976	1,515	1,461	45,434
16	Child care workers	11,521	13,905	2,896	2,384	512	12,667
17	First-line supervisors/managers of retail sales workers	16,075	18,135	2,879	2,060	819	29,408
18	Middle school teachers, except special and vocational education	8,752	10,523	2,671	1,771	900	44,665
19	Janitors and cleaners, except maids and housekeeping cleaners	11,544	13,017	2,527	1,473	1,054	16,578
20	Postsecondary teachers	8,599	10,351	2,447	1,752	695	84,261
21	Secretaries, except legal, medical, and executive	14,302	15,381	2,153	1,079	1,074	22,443
22	General and operations managers	11,124	11,987	2,107	863	1,244	68,193
23	Bookkeeping, accounting, and auditing clerks	10,980	12,349	2,082	1,369	713	25,189
24	Licensed practical and licensed vocational nurses	6,684	7,693	1,915	1,009	906	37,139
25	Receptionists and information clerks	6,532	7,582	1,829	1,050	779	17,638

Sources: Economic Modeling Specialists Inc. and the Texas Workforce Commission.



Professional Athletic Teams

The South Texas region is home to a number of professional athletic teams (**Exhibit 8**).

Exhibit 8

Professional Athletic Teams, South Texas Region

Team Name	Location	Professional Sport
Corpus Christi Rays	Corpus Christi	Minor League Hockey
Laredo Bucks	Laredo	Minor League Hockey
Rio Grande Valley Killer Bees	Hidalgo	Minor League Hockey
Corpus Christi Hooks	Corpus Christi	Minor League Baseball
Rio Grande Valley Vipers	McAllen	Minor League Basketball
Corpus Christi Sharks	Corpus Christi	Arena Football League 2
Rio Grande Valley Dorados	McAllen	Arena Football League 2

Sources: Central Hockey League, Minor League Baseball, National Basketball Association Developmental League and Arena Football League 2.

Professional sports teams accounted for more than 350 jobs and more than \$1.2 million in earnings in the South Texas region in 2006.¹²

Since August 2007, the Comptroller's office has responded to more than 200 Texas EDGE requests from city and county government officials, economic development corporations, private businesses and members of the media. Requests have covered many topics including demographics, economic development, economic modeling and taxes.

The Comptroller's office also provides local governments with information about tax-related programs and identifies opportunities to raise funds for economic development efforts through property, sales and franchise tax revenues, exemptions and credits. The agency also provides information on special assessments and other opportunities related to disaster relief.

The Comptroller's Local Government Assistance and Economic Development Division provides free risk assessments to local governments. These give local officials reasonable assurance that risks to local objectives have been identified and show the controls and mitigating factors associated with each.

Finally, the Comptroller's State Energy Conservation Office (SECO) can help local governments slash their energy costs and adopt cost-effective clean energy technologies. SECO offers local governments a free preliminary energy audit of their facilities. The audit provides recommendations for reducing electricity consumption by improving the efficiency of heating and air conditioning systems and using more efficient lighting.

Businesses in the South Texas region generated more than \$51.7 billion in gross sales in 2005 and \$58.5 billion in 2006.

Going Shopping

Businesses in the South Texas region generated more than \$51.7 billion in gross sales in 2005 and \$58.5 billion in 2006. About 28.1 percent, or more than \$14.5 billion, was subject to state and local sales taxes in 2005; in 2006, about 27.3 percent or nearly \$16 billion was taxed. State sales taxes levied in the region totaled \$908 million in 2005 and almost \$1 billion in 2006 (**Exhibit 9**).

Exhibit 9

Gross Sales and Sales Tax, South Texas Region, 2005 and 2006

County	Gross Sales 2005	Gross Sales 2006	Amount Subject to Tax 2005	Amount Subject to Tax 2006	Sales Tax 2005	Sales Tax 2006
Nueces	\$21,782,149,048	\$24,672,083,386	\$3,373,606,560	\$3,643,767,387	\$210,850,410	\$227,735,462
Hidalgo	11,902,452,565	13,159,835,600	4,520,824,224	4,898,683,353	282,551,514	306,167,710
Cameron	5,941,763,789	6,560,908,853	2,462,967,384	2,614,886,838	153,935,462	163,430,427
Webb	4,897,434,141	5,597,906,669	1,791,904,731	1,985,993,032	111,994,046	124,124,565
Other Counties	7,187,728,530	8,512,428,715	2,378,438,246	2,851,738,576	148,652,390	178,233,661
TOTAL	\$51,711,528,073	\$58,503,163,223	\$14,527,741,145	\$15,995,069,186	\$907,983,822	\$999,691,824

Note: Numbers may not total due to rounding.
Source: Texas Comptroller of Public Accounts.

The South Texas region had more than 90,000 retail employees in both 2005 and 2006, earning total wages of nearly \$1.9 billion in 2005 and nearly \$2 billion in 2006 (**Exhibit 10**). Hidalgo County had the highest number of retail jobs, followed by Nueces and Cameron counties. The annual average salary of the region's retail employees was \$20,557 in 2005 and \$21,087 in 2006, an increase of 2.6 percent.

Exhibit 10

Retail Employees and Wages, South Texas Region, 2005 and 2006

County	Employees 2005	Total wages 2005	Employees 2006	Total wages 2006
Hidalgo	28,068	\$580,056,469	29,481	\$619,499,726
Nueces	17,205	394,219,996	17,311	403,516,391
Cameron	15,554	293,467,474	16,154	314,811,379
Webb	11,501	232,917,358	12,012	247,882,547
Other Counties	17,719	350,459,811	17,603	366,145,596
TOTAL	90,047	\$1,851,121,108	92,561	\$1,951,855,639

Source: Texas Comptroller of Public Accounts.

The La Plaza Mall in McAllen, with more than 1.2 million square feet of stores, has a trade area population of almost 590,000 people. Nearly one quarter of the households in this trade area have incomes of at least \$50,000. (A trade area is the geographical area from which shoppers originate.)¹³

Laredo's 1.2 million-square-foot Mall del Norte, with more than 160 stores, has a trade area of more than 330,000 people who have an average household income of about \$40,000.¹⁴



Industry Profile – Fishing

A 2005 study commissioned by National Oceanographic and Atmospheric Administration-Fisheries (NOAA-Fisheries) identified communities in Texas that were associated with the state's commercial and recreational fishing industry.¹⁵ According to this report, 67 communities along the Texas coast have ties to the fishing industry. Approximately one-third of these communities, 21 cities from Refugio County to Cameron County, are located in the South Texas region.

According to NOAA, Brownsville is the only urban area along the Texas coast that is extensively engaged in the fishing industry. While the city is home to industries not directly associated with fishing, the city has a broad set of infrastructure and services that support its fishing industry (**Exhibit 11**).

The Port of Brownsville has one of the largest shrimp trawl fleets in the country.¹⁶ In fact, data from

the NOAA-Fisheries commissioned study revealed that Brownsville and the neighboring city of Port Isabel were home to 210 Gulf shrimp permit holders in Texas in 2003. These two communities accounted for approximately 38 percent of all Gulf shrimp permit holders along the Texas coast.¹⁷

Not only is the Brownsville area home to a significant shrimp fishing industry, it is also one of the leading commercial fishing ports in the U.S. in terms of ex-vessel value of landings, which is the value of finfish and shellfish that are caught and unloaded at port. According to NOAA's National Marine Fisheries Service, the Brownsville-Port Isabel area ranked as the seventh-largest commercial fishing port in 2006.¹⁸ In that year, the port landed 30.5 million pounds valued at \$52 million. This volume and value accounted for 29 percent of Texas' total commercial landings and ex-vessel value in the same year.

Exhibit 11

Infrastructure and Services that Support the Brownsville Fishing Industry, 2003

Infrastructure or Service	Number
Boat yards/builders (commercial/recreational)	2
Commercial Docking Facilities	1
Fishing gear, electronics, welding, and other repair	3
Fishing associations (commercial/recreational)	1
Fish processors (wholesale fish house)	2
Net makers	8
Bait and Tackle/Fishing Supplies	2
Recreational Fishing Tournaments	2
Seafood Restaurants	8
Seafood Retail Markets	1
Trucking Operations	1
Commercial Boats	approximately 150

Source: National Oceanographic and Atmospheric Administration.

Industry Profile – Agriculture

Agriculture is a major factor in the South Texas regional economy. Crop and animal production provided nearly 20,000 jobs in 2007.¹⁹

Cattle

Texas is the national leader in cattle, ranking first among states in its number of cattle, number of cattle operations and value of all cattle.²⁰ The South Texas region had about 7 percent of the state's cattle or 943,000 head in 2008 (**Exhibit 12**).²¹

Exhibit 12

Head of Cattle, South Texas, 2008

County	All Cattle
Kleberg	107,000
Bee	75,000
Starr	62,000
Webb	60,000
Uvalde	59,000
Other Counties	580,000
South Texas Total	943,000

Source: U.S. Department of Agriculture.

Sugarcane

Texas is the nation's fourth-largest producer of sugarcane, and all of it is grown in the South Texas region — more than 1.6 million tons harvested from 39,200 acres in 2006.²² Hidalgo County was the region's — and state's — largest sugarcane producer (**Exhibit 13**).²³

Exhibit 13

Sugarcane Production, South Texas, 2006

County	Harvested Acres	Produced Tons
Hidalgo	20,900	882,000
Cameron	12,500	474,000
Willacy	5,800	259,000
South Texas Total	39,200	1,615,000

Source: U.S. Department of Agriculture.

Sorghum for Grain

Texas is the nation's second-largest producer of grain sorghum, and South Texas produces a large portion of the state total.²⁴

South Texas farmers harvested nearly 19.4 million bushels of sorghum for grain in 2006, 31.1 percent of the state total. Four of the top five sorghum-producing counties are in the South Texas region. Hidalgo County was the region's — and state's — largest producer, with more than 4.4 million bushels, followed by Cameron County. In all, more than 430,000 acres of sorghum were harvested in the region in 2006 (**Exhibit 14**).²⁵

Exhibit 14

Region's Largest Producers of Grain Sorghum South Texas, 2006

County	Planted Acres	Harvested Acres	Produced Bushels
Hidalgo	101,100	63,700	4,409,000
Cameron	91,300	78,000	4,028,000
Nueces	158,700	92,400	2,631,000
San Patricio	66,700	43,100	2,095,000
Kleberg	41,100	39,000	1,900,000

Source: U.S. Department of Agriculture.

Cotton

Texas is the nation's largest producer of cotton, and the South Texas region produces much of it.²⁶

The region's farmers produced nearly 400,000 bales of upland cotton in 2006, or about 7 percent of the state total. In that year, the region had 257,000 harvested acres of cotton, 6 percent of the state's total acreage. Kleberg and Nueces counties were the region's largest cotton producers (**Exhibit 15**).²⁷

Citrus

Grapefruit dominates the Texas citrus industry, with most of the remainder being oranges. The South Texas region is home to *all* Texas citrus production. Hidalgo County contains 85 percent of all citrus acres in Texas, with the remainder in Cameron and Willacy counties.²⁸ In the 2005-2006 growing



Exhibit 15

Region's Largest Producers of Upland Cotton South Texas, 2006

County	Planted Acres	Harvested Acres	Produced Bales
Kleberg	39,900	35,600	68,200
Nueces	175,900	54,500	63,800
Hidalgo	77,800	33,300	56,300
Cameron	55,000	38,200	50,600
San Patricio	191,300	27,100	47,000

Source: U.S. Department of Agriculture.

season, Texas was the nation's third-largest citrus producer, behind Florida and California (**Exhibit 16**).

Preliminary numbers show that production has increased since 2005-2006, to 7.1 million boxes of grapefruit and 2 million boxes of oranges in 2006-2007, increases of 37 percent and 24 percent, respectively.²⁹

Exhibit 16

Grapefruit and Orange Production South Texas, 2005-2006

	Production (boxes)	Price (dollars per box)	Value
Grapefruit	5,200,000	\$12.17	\$63,292,000
Oranges	1,600,000	6.62	10,598,000
Total	6,800,000	-	\$73,890,000

Source: U.S. Department of Agriculture.

Onions

The South Texas region is also a large producer of onions. Texas is the nation's second-largest producer of onions, and South Texas produces the vast majority of them. Four counties in the region — Cameron, Hidalgo, Starr and Willacy — held three quarters of the acreage harvested in Texas during 2006.³⁰



Resaca Grove Farm, Rio Grande Valley

PHOTO: Marlin Pierce/Resaca Grove Farm

Industry Profile – Ports and International Trade

Located on the border with Mexico and the Gulf Coast, the South Texas region is perfectly positioned for international trade.

Inland Ports

Trade between Mexico and the South Texas region totaled nearly \$162 billion in 2007, up 28 percent since 2004. Trucks moved the majority of these goods, accounting for \$125 billion worth or 77 percent of the total. The next most-common mode of transport was rail, which accounted for nearly \$36 billion or 22 percent of the region's trade with Mexico. The remainder was transported by mail, pipeline, air or water.

Eight inland ports in the South Texas region had truck trade with Mexico in 2007. Of these, Laredo was by far the busiest, with nearly \$83 billion in goods passing through during 2007 (**Exhibit 17**).³¹

Texas has five rail border crossings with Mexico. Three of these are located in South Texas, in Brownsville, Eagle Pass and Laredo. Union Pacific and the Kansas City Southern Railway control the tracks at these three crossings.³²

Six inland ports in South Texas had rail trade with Mexico in 2007. Of these, Laredo again was the busiest with more than \$27 billion in goods passing through during 2007 (**Exhibit 18**).³³

Seaports

South Texas has five seaports: Corpus Christi, Port Mansfield, Harlingen, Port Isabel and Brownsville.³⁴ By far the largest of these is the Port at Corpus Christi, located in Nueces County about 150 miles north of the Mexico border. The

port has a channel depth of 45 feet, more than 125 acres of open storage and fabrication sites, heavy lifting capabilities, dockside rail from multiple carriers, excellent highway access and more than 295,500 square feet of covered dockside storage.

In 2006, the Port of Corpus Christi was ranked as the nation's sixth-largest port in total cargo tonnage, handling 77.6 million tons. Nearly 70 percent of this cargo was involved in international trade, with nearly 60 percent of the total being international imports (**Exhibit 19**).³⁵

Three rail carriers serve the Port of Corpus Christi: Burlington Northern Santa Fe, Texas Mexican Rail-

Exhibit 17

South Texas Truck Trade with Mexico, 2004-2007 (In thousands)

Port	2004	2005	2006	2007
Laredo	\$63,985,424	\$66,825,760	\$78,502,346	\$82,637,671
Hidalgo	15,863,990	18,242,670	19,940,728	21,687,869
Brownsville	9,800,070	10,415,716	11,177,461	11,550,517
Eagle Pass	4,098,505	4,283,099	4,598,952	4,830,991
Del Rio	2,797,043	3,038,457	3,113,976	3,219,973
Rio Grande City	220,912	234,076	372,714	348,311
Progreso	142,543	135,429	218,696	288,052
Roma	79,343	77,708	141,118	171,442
Total South Texas	\$96,987,831	\$103,252,915	\$118,065,990	\$124,734,826

Note: Numbers may not total due to rounding.

Source: U.S. Department of Transportation—Bureau of Transportation Statistics.

Exhibit 18

South Texas Rail Trade with Mexico, 2004-2007 (In thousands)

Port	2004	2005	2006	2007
Laredo	\$25,398,735	\$26,626,769	\$25,224,937	\$27,316,593
Eagle Pass	2,758,847	3,388,990	6,634,602	7,189,979
Brownsville	787,761	924,944	1,198,117	1,353,422
Hidalgo	2,020	6,801	3,867	1,062
Rio Grande City	80	51	-	647
Del Rio	48	159	463	290
Progreso	50	404	184	-
Roma	-	-	-	-
Total South Texas	\$28,947,541	\$30,948,117	\$33,062,170	\$35,861,993

Note: Numbers may not total due to rounding.

Source: U.S. Department of Transportation—Bureau of Transportation Statistics.



way Company and Union Pacific Railroad. In addition, the port's public docks are served by 26 miles of port-owned rail lines operated by Corpus Christi Terminal Railroad. Several highways connect Corpus Christi to the U.S. and Mexico. Interstate 37 and U.S. Highway 181 are located just one mile from the port. The Gulf Intracoastal Waterway meets the ship channel and provides access to U.S. inland waterways.³⁶

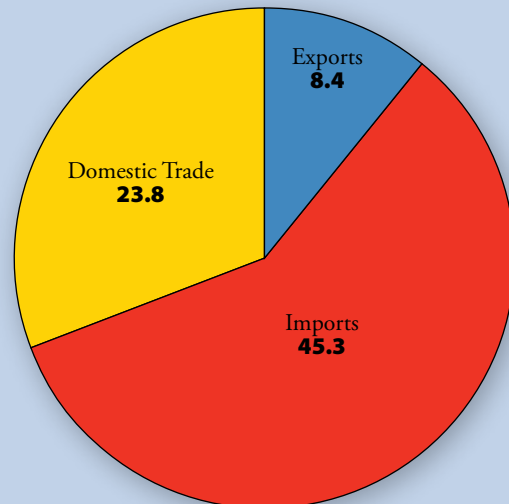
In 2004, a private consulting firm estimated that the Port of Corpus Christi was responsible for nearly 40,000 direct and indirect Texas jobs and nearly \$2.2 billion in personal income. In addition, the study estimated that the port generated just under \$2.8 billion in business revenue and indirect purchases and contributed more than \$195 million in state and local taxes annually.³⁷

The second-largest port in the region, the Port of Brownsville, is located at the southernmost tip of Texas, at the end of a channel leading to the Gulf of Mexico by way of the Brazos Santiago Pass. Located about two miles southwest of Brownsville, it is adjacent to the Rio Grande River, providing an entry point to Mexico. The port's primary activities include the construction of offshore rigs, ship repair and dismantling, steel fabrication, boat construction, rail car rehabilitation, liquefied petroleum gas storage and distribution, waste oil recovery and grain handling and storage.³⁸

In 2006, a private consulting firm estimated that the Port of Brownsville was responsible for about 38,000 direct and indirect Texas jobs and \$1.9 billion in personal income in the state. In addition, the study estimated that the port generated almost \$2.8 billion in business revenue and indirect purchases and contributed nearly \$174 million in state and local taxes annually.³⁹

Exhibit 19

Port of Corpus Christi Cargo Volume, 2006 (In million tons)



Source: American Association of Port Authorities.



International Bridge Toll Booth, Laredo, Texas

PHOTO: Craig Steiner

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- ⁶ Randy Reese, "National Main Street City: Gonzales Honored Nationally for Hard Work," *The Gonzales Inquirer*, http://www.cityofgonzales.org/upload/w48ghHStjQ_National%20Main%20Street.pdf. (Last visited June 25, 2008.)
- ⁷ U.S. Department of Labor, "NAICS Supersectors for CES Program."
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- ⁹ Texas State Historical Association, "The Handbook of Texas Online—King Ranch," <http://www.tshaonline.org/handbook/online/articles/KK/apk1.html>. (Last visited June 25, 2008.)
- ¹⁰ These transportation industries include general freight trucking, long-distance (NAICS 48412); general freight trucking, local (NAICS 48411); other support activities for air transportation (NAICS 48819); and other specialized trucking, local (NAICS 48422).
- ¹¹ Median annual earnings were estimated by multiplying the median hourly earning for the industry by 2,080 work hours. The exceptions to this estimation are the elementary, middle school, and secondary education related occupations. These occupations generally operate around nine months of work. These annual wages were obtained from the Texas Workforce Commission.
- ¹² Texas Comptroller of Public Accounts estimates and North American Industrial Classification System, "Codes 711211, 711219 and 711310—Professional Sports Teams and related Activities."
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- ¹⁴ CBL & Associates Properties, Inc., "Mall del Norte," <http://www.malldelnorte.com/shop/malldelnorte.nsf/facts>; and CBL & Associates Properties, Inc., "Demographic Summary," p. 6, <http://www.malldelnorte.com/shop/malldelnorte.nsf/demographpdfweb/demographics?opendocument>. (Last visited June 25, 2008.)
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- ²³ U.S. Department of Agriculture, National Agricultural Statistics Service, "Quick Stats: Agricultural Statistics Data Base."
- ²⁴ U.S. Department of Agriculture and Texas Department of Agriculture, *2006 Texas Agricultural Statistics*, pp. 74 and 103.



- ²⁵ U.S. Department of Agriculture, National Agricultural Statistics Service, "Quick Stats: Agricultural Statistics Data Base."
- ²⁶ The Texas A&M University System, The Agriculture Program, "Cotton in Texas," <http://aggie-horticulture.tamu.edu/extension/cropbriefs/cotton.html>. (Last visited July 1, 2008.)
- ²⁷ U.S. Department of Agriculture, National Agricultural Statistics Service, "Quick Stats: Agricultural Statistics Data Base."
- ²⁸ Texas A&M University, "The Texas Citrus Industry," <http://aggie-horticulture.tamu.edu/citrus/l2286.htm>. (Last visited July 1, 2008.)
- ²⁹ U.S. Department of Agriculture and Texas Department of Agriculture, *2006 Texas Agricultural Statistics*, pp. 135 and 143.
- ³⁰ U.S. Department of Agriculture and Texas Department of Agriculture, *2006 Texas Agricultural Statistics*, pp. 136 and 142.
- ³¹ U.S. Department of Transportation—Bureau of Transportation Statistics, "Transborder Freight Data," http://www.bts.gov/programs/international/transborder/TBDR_QA.html. (Last visited July 1, 2008.) Custom query created.
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- ³⁶ Port of Corpus Christi, "General Information," <http://www.portofcorpuschristi.com/GeneralInformation.html>. (Last visited July 1, 2008.)
- ³⁷ Port of Corpus Christi, *The Local and Regional Economic Impacts of the Port of Corpus Christi*, by Martin Associates (Corpus Christi, Texas, February 10, 2004) <http://www.portofcorpuschristi.com/pdfs/Economic%20Impact%20Report.pdf>. (Last visited July 1, 2008.)
- ³⁸ Port of Brownsville, "About The Port," http://www.portofbrownsville.com/index.php?option=com_content&task=view&id=12&Itemid=27. (Last visited July 1, 2008.)
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Demographics

The South Texas region's population is growing faster than the state's, spurred by growth in metropolitan areas. South Texas is 81 percent Hispanic, and is relatively young compared to the state as a whole. While the region's educational attainment and personal income are below state averages, they have been increasing at an impressive rate in recent years.

The region's demographic profile places considerable pressure on its educational resources but also provides significant opportunities for economic growth.

Population Growth

From 2002 to 2007, the South Texas region's population increased at 2.1 percent annually, slightly faster than the state's 1.9 percent annual increase. Growth in the metropolitan areas of McAllen-Edinburg-Mission, Laredo and Brownsville-Harlingen outpaced both the region and the state. McAllen led regional growth, increasing 3.3 percent annually. Corpus Christi trailed regional and state growth over the period, growing by just 0.6 percent annually.

South Texas' population growth is projected to slow from 2007 to 2012, but still outpace the state as a whole, at 1.4 percent annually versus 1.2 percent for the state.

Exhibit 20 shows actual and projected population change in the form of growth indices

From 2002 to 2007, the South Texas region's population increased at 2.1 percent annually.

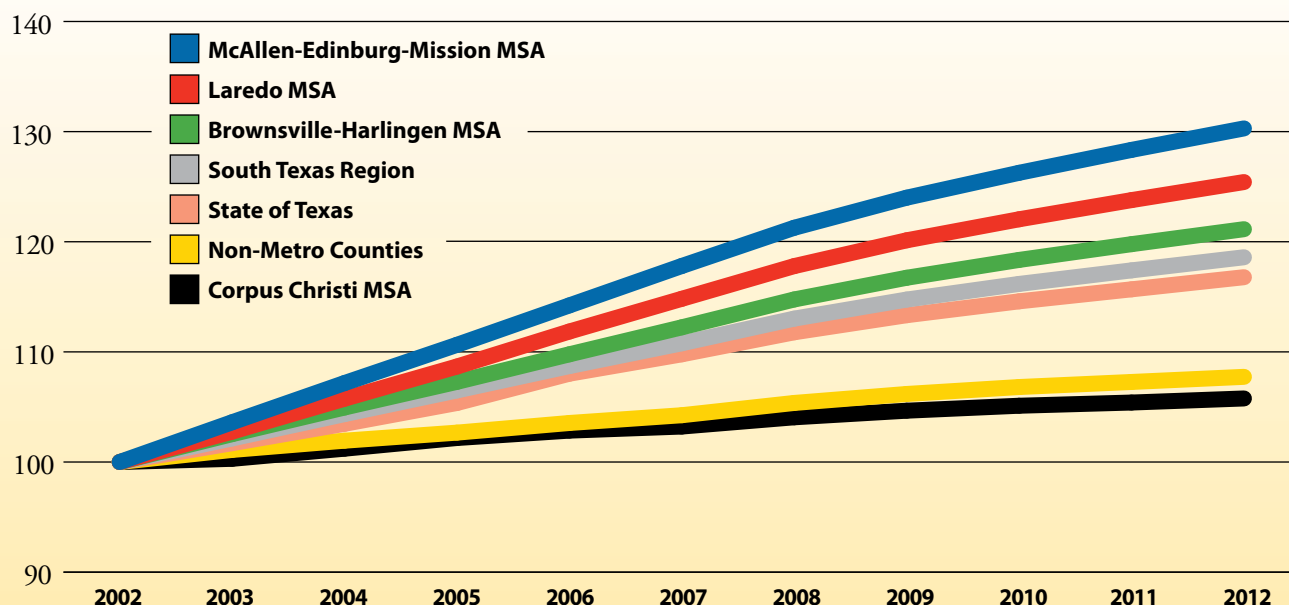


Charro Days in Brownsville

PHOTO: Brownsville Herald



Exhibit 20

South Texas Actual and Projected Population Increase, 2002-2012

Source: Economic Modeling Specialists Inc.

Zapata – Micro City of the Future

The little town of Zapata has a big future in business; it has been named Micro North American City of the Future for 2007-08 by *Foreign Direct Investment (fDi)* magazine. According to *fDi*, “micro cities” are metropolitan areas with populations of fewer than 100,000. The magazine reported that Zapata:

...impressed the judges with its clear development strategy and success in attracting investors from outside the state. Zapata’s many development projects include a new border crossing into Mexico, major highway improvements and a strategy for growth and investment that includes logistics, air transport, alternative energy, eco-tourism and security.

Cities in *fDi*’s survey were ranked for their economic potential, cost-effectiveness, human resources, infrastructure and business friendliness, among other yardsticks. Zapata ranked first in the “micro” category for “most business friendly.”

using 2002 as the base year, with an index equal to 100.

Metropolitan/Nonmetropolitan

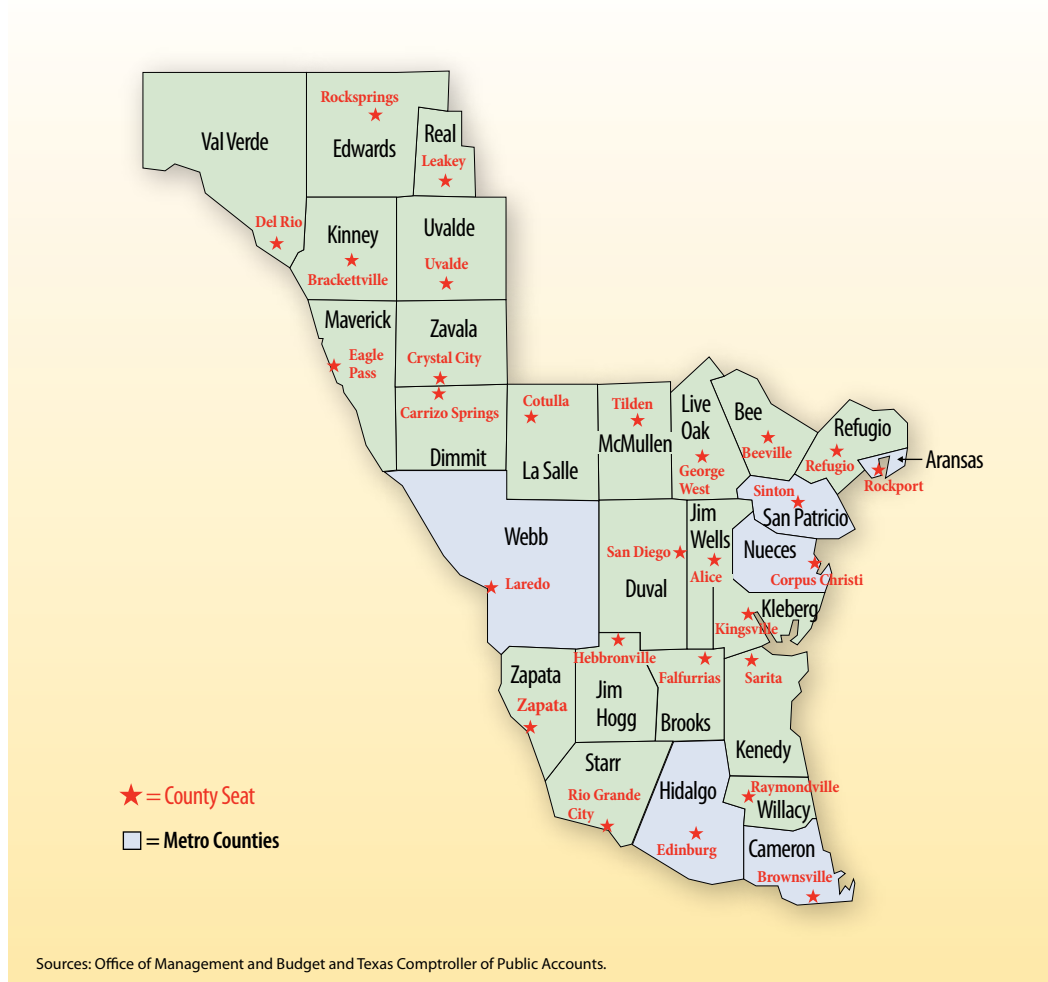
Most of the South Texas population resides in metropolitan areas. Of the 28 counties in the South Texas region, six are in metropolitan statistical areas (MSAs). The federal government defines MSAs as having a large population core accompanied by adjacent communities that have a high degree of economic and social interaction with that core.

The South Texas region is home to four MSAs — Brownsville-Harlingen (Cameron County); Corpus Christi (Aransas, Nueces and San Patricio counties); Laredo (Webb County); and McAllen-Mission-Edinburgh (Hidalgo County).¹ **Exhibit 21** illustrates the



Exhibit 21

South Texas Metro Counties



The South Texas population is relatively young. Under-25s accounted for 44 percent of the region's population in 2007, compared to 38 percent for the state.

region's metro counties and the county seats for each county in the region.

In 2007, metro counties accounted for 81 percent of the region's population; in the state as a whole, 87 percent of Texas residents lived in metro areas. From 2002 to 2007, the South Texas MSA population increased by almost three times the rate of its non-MSAs. Over that period, the South Texas MSA population rose by 12.4 percent while non-MSA counties added 4.2 percent; the state population increased by 9.8 percent.²

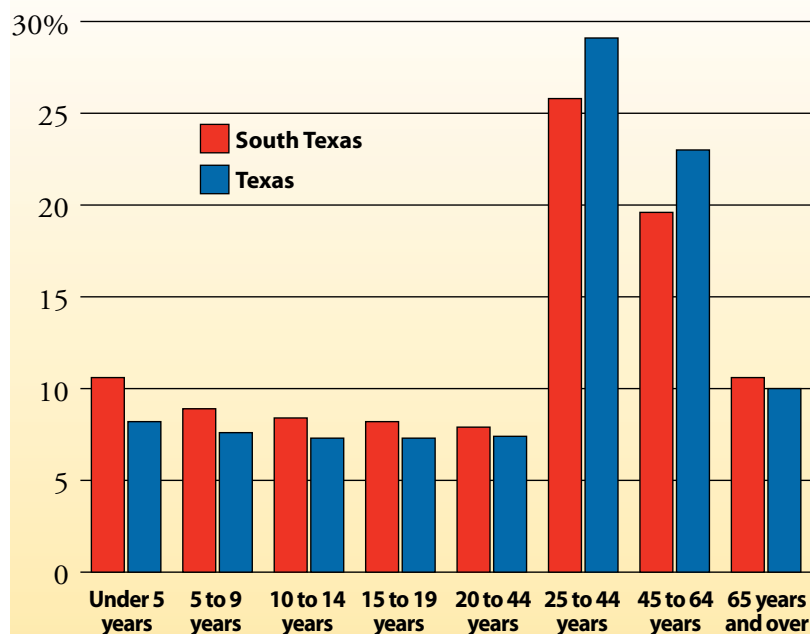
Age

The South Texas population is relatively young. Compared to the state as a whole, a significantly higher proportion of the South Texas population is under the age of 25. Under-25s accounted for 44 percent of the region's population in 2007, compared to 38 percent for the state (**Exhibit 22**).

A younger population implies a higher demand for educational services. The region's opportunities for economic growth will depend in large part on the level of educational



Exhibit 22

Texas and South Texas Population by Age, 2007

Source: Economic Modeling Specialists Inc.

attainment this population achieves before entering the work force.

Ethnicity

In 2007, 81 percent of the South Texas population was of Hispanic ethnicity (both white and non-white Hispanic), compared to 36 percent in the state overall. Laredo was 95 percent Hispanic; McAllen, 89 percent; and Brownsville, 86 percent. Non-Hispanic whites accounted for just 16.3 percent of the South Texas population in 2007 (**Exhibit 23**).

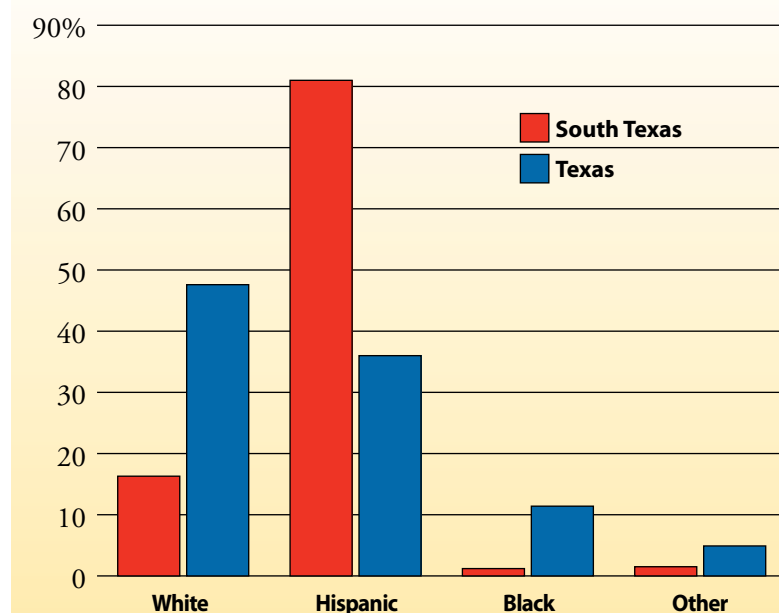
By 2012, the Hispanic population is projected to rise to 82 percent in South Texas, versus 37.6 percent in the state as a whole.³

The concentration of Hispanics in the South Texas region is more than twice as high as the state's and more than five times higher than the nation's (**Exhibit 24**).

This pattern can be illustrated by a common measure in economic and demographic analysis, the "location quotient" (LQ). An LQ is a ratio that can be used to compare the concentration of a given group (by ethnicity or age, for instance) in a specific location with a state or national average. An LQ of more than 1.0 indicates that the demographic category is overrepresented in the region under study, compared to the state or national average; an LQ of less than 1.0 indicates that the demographic category is underrepresented.

Exhibit 25 examines the region's 2007 population in five-year age increments, using LQs to compare the region to national averages. The region has a concentration of Hispanic residents under the age of 25 that ranges between four and five times as

Exhibit 23

Texas and South Texas Population by Ethnicity, 2007

Source: Economic Modeling Specialists Inc.



high as the same age groups nationally. The concentration of Hispanics in South Texas, moreover, increases steadily after the age of 40. The lower LQ among the younger Hispanic age groups indicates that the Hispanic population in other parts of the country is also relatively young compared to other ethnicities.

Educational Attainment

In 2007, 39 percent of the region's population over the age of 25 had less than a high school diploma, compared to 21 percent for the state and 14 percent for the U.S. Sixteen percent of the region's over-25 residents had a bachelor's degree or higher, compared to 25 percent for the state and 28 percent for the U.S. (**Exhibit 26**). Although there are high percentages of adults without

Exhibit 24

Location Quotients by Race: Comparing South Texas to Texas and Nation, 2007

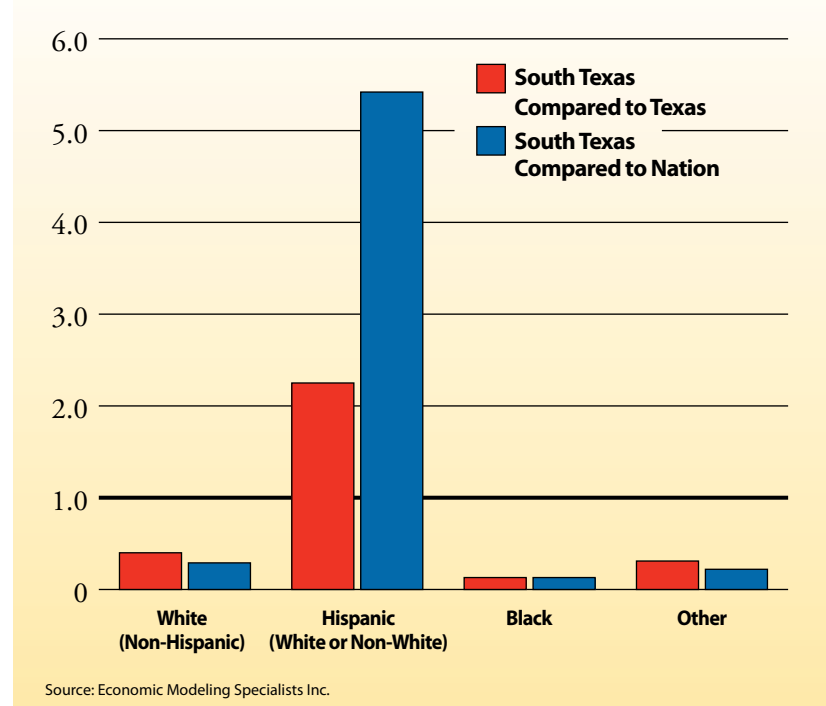
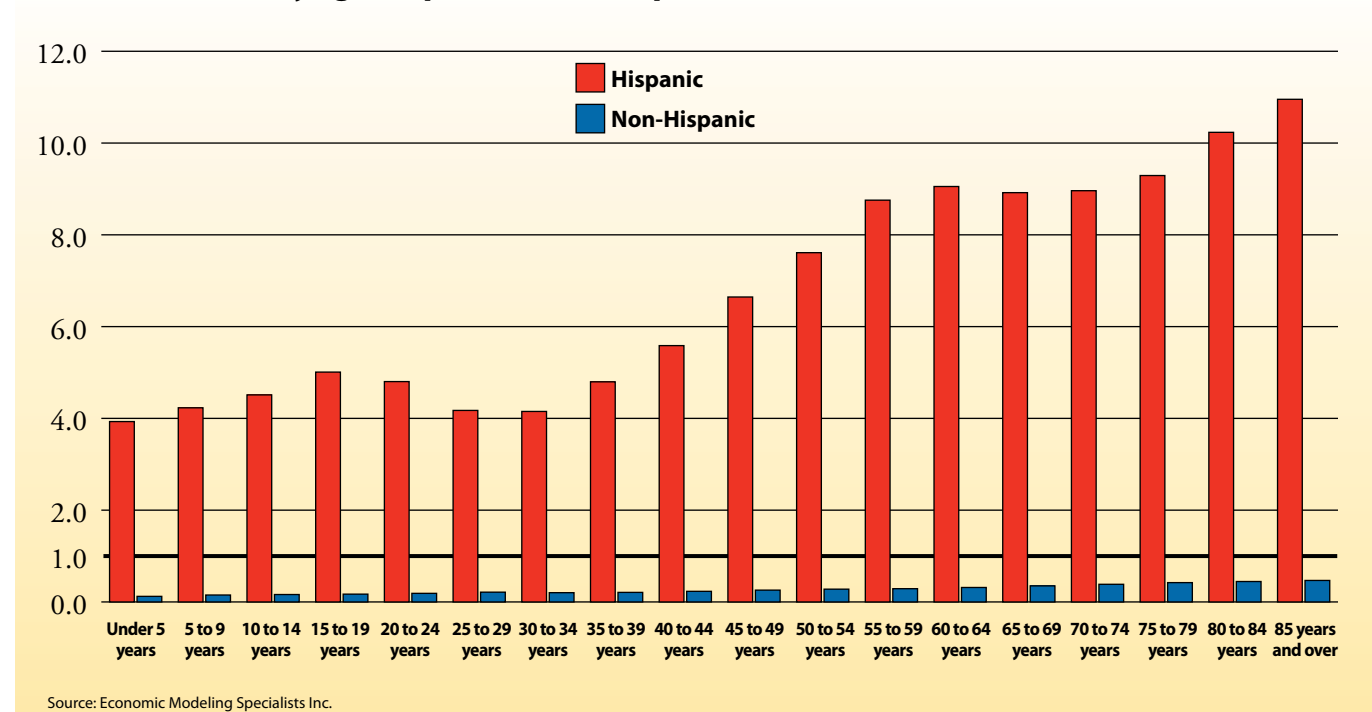


Exhibit 25

Location Quotients by Age, Hispanic vs. Non-Hispanic, 2007





high school diplomas, college attendance rates are growing much faster than in the rest of the state.⁴

Income

The median income for all Texas households in 2005 (most recent data available to compare with county data) was \$42,139.⁵ Of the 28 counties in the South Texas region, Nueces County, where Corpus Christi is located, had the highest median household income at \$38,740. Starr County had the lowest, at \$17,843. Webb County (which includes Laredo) and Cameron County (which includes Brownsville) had 2005 median household incomes of \$31,339 and \$25,916, respectively. Hidalgo County (with the cities of Edinburg, McAl-

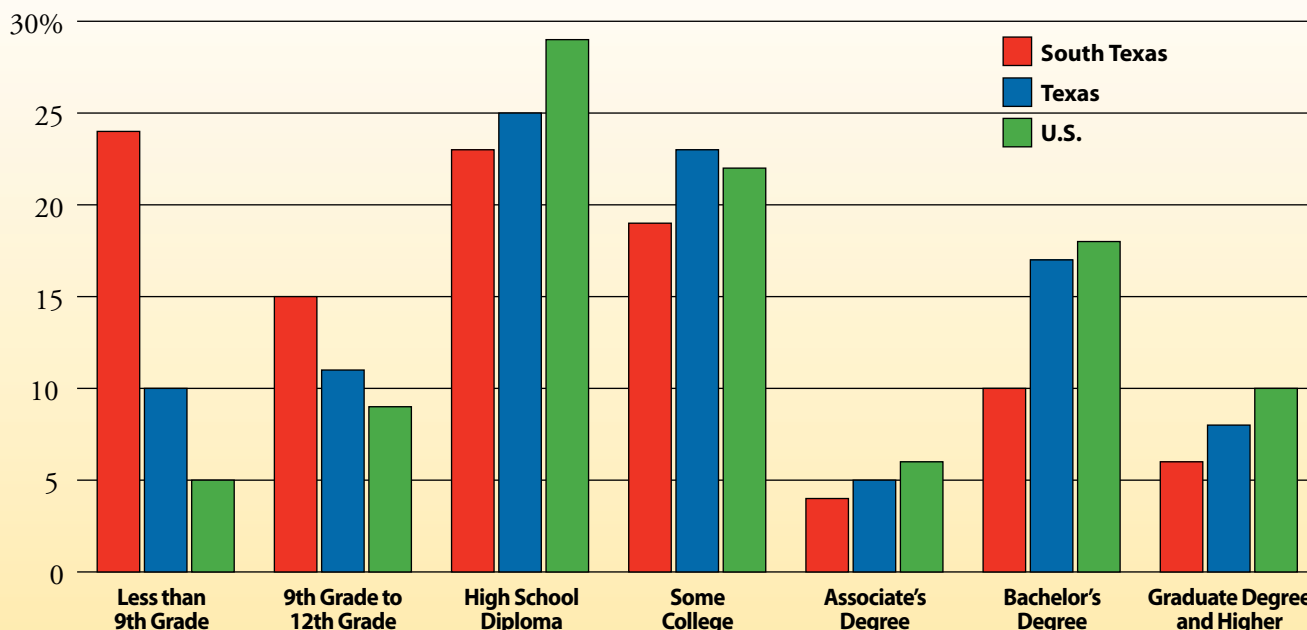
len and Mission) and Maverick (with Eagle Pass) had 2005 median household incomes of \$24,808 and \$24,736, respectively (Exhibit 27).⁶

Thus median household incomes in the South Texas region are lower than the statewide average, but such measures do not take the cost of living into account. A cost-of-living adjustment can facilitate a more accurate comparison of income.

Based on the median income for Nueces County, a person earning \$39,000 per year in Corpus Christi has the same buying power as someone earning \$44,559 in Houston. Essentially, it costs 14 percent more to live in the Houston area than it does to live in Corpus Christi. A resident of the Austin area would have to earn 28

Exhibit 26

Educational Attainment for Population Over the Age of 25, 2007 South Texas, Texas and U.S. Averages



Source: Economic Modeling Specialists Inc.

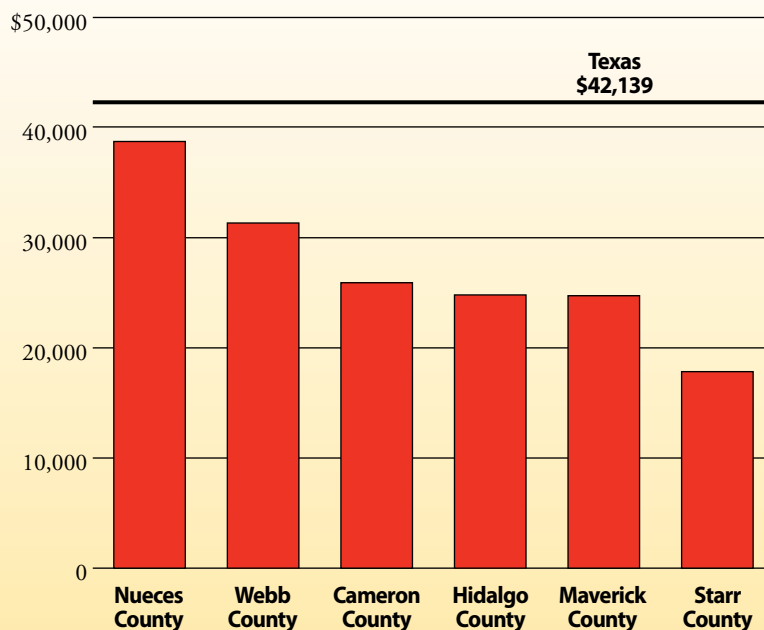


percent more, or \$49,961 per year, to match the purchasing power of \$39,000 in Corpus Christi. Living in Dallas would cost someone 24 percent more (\$48,297) than in Corpus Christi.⁷

South Texas' per capita personal income averaged nearly \$20,300 in 2006, only 57.6 percent of the state average of \$35,200. But income is growing faster in the region than in the state as a whole. The South Texas average rose from about \$16,200 in 2001, a 25.6 percent increase. Over the same period, Texas per capita personal income rose by 21.1 percent.⁸ Twenty-one counties in the region saw their average personal income grow at a faster rate than the state (**Exhibit 28**).

Exhibit 27

Median Household Income, State of Texas and Selected Counties, 2005



Sources: U.S. Census Bureau and Texas Comptroller of Public Accounts.

Winter Texans

South Texas is a popular tourist destination due to its mild winters, low cost of living, friendly people, outdoor recreational activities and shopping opportunities on the U.S. and Mexican sides of the border. Especially during the winter months, tourists from less hospitable climates migrate south to take advantage of all the region has to offer. Just as some migratory birds regularly and predictably travel south for the winter, so do the "Winter Texans."

The University of Texas-Pan American conducted a study from 2004 to 2005 to better understand who the Winter Texans are and what they mean to the economy of the Valley region.

According to the study, *The Valley Winter Visitors and Local Market Report, 2004-2005*, the four-county Valley area received \$420 million annually in direct economic impact from 127,000 Winter Texans. The study also found that the average Winter Texan is 68.4 years old and married, hails from the Midwest, stays for an average of 3.7 months and has been coming to the Valley for 10 years.

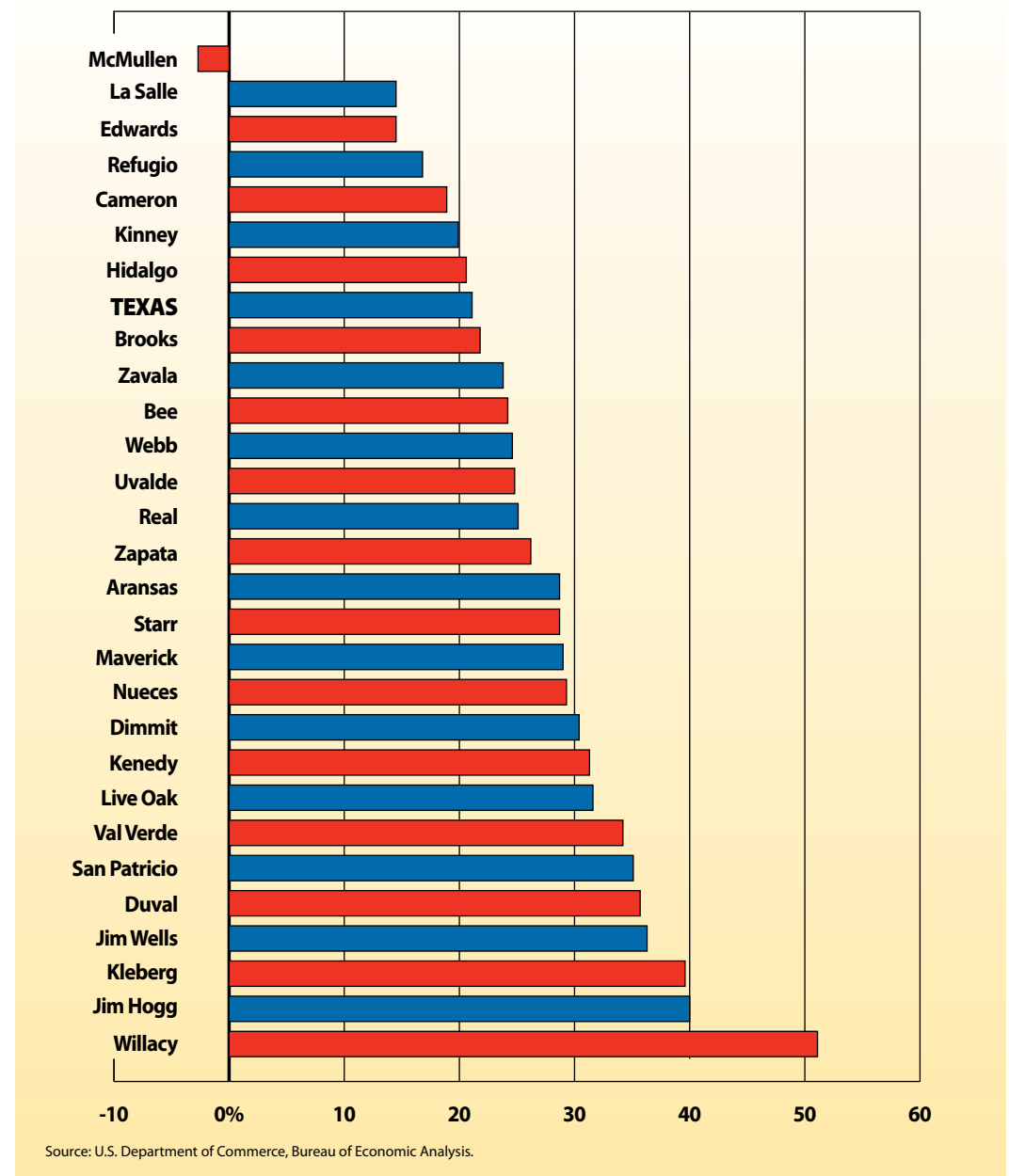
More than 90 percent of Winter Texans surveyed would return in the following year. And as long as there's a chill in the air in the Midwest, those in the Valley can expect to see migratory birds — and Winter Texans.

Twenty-one counties in the region saw their average personal income grow at a faster rate than the state.



Exhibit 28

South Texas Per Capita Personal Income Percent Increase 2001-2006





Public Safety in the South Texas Region

One of the most important factors in a region's quality of life is public safety. Crime rates for the South Texas region, as with the rest of the state, fell from 2005 to 2006. Of particular interest is the fact that the region's violent crime rate was significantly lower than the state average in both 2005 and 2006, and is declining at a much faster rate than the state average. **Exhibit 29** shows the rate of various criminal offenses per 100,000 residents for both the South Texas region and the state in 2005 and 2006.⁹

Exhibit 29

Crime Rate

South Texas Region and Texas, 2005 and 2006

	2005 South Texas Crime Rate	2005 Texas Crime Rate	2006 South Texas Crime Rate	2006 Texas Crime Rate	South Texas Change in Crime Rate	Texas Change in Crime Rate
Murder	5.2	6.1	4.9	5.9	-5.4%	-3.3%
Rape	37.4	37.2	33.7	35.8	-9.9	-3.8
Robbery	77.9	156.5	79.0	158.5	1.4	1.3
Assault	350.2	329.6	326.7	316.8	-6.7	-3.9
Violent Crime Rate	470.6	529.5	444.2	516.9	-5.6	-2.4
Burglary	948.2	960.6	888.6	916.3	-6.3	-4.6
Larceny	3,672.9	2,956.0	3,458.5	2,752.8	-5.8	-6.9
Auto Theft	284.8	408.7	310.7	407.0	9.1	-0.4
Property Crime Rate	4,906.0	4,325.3	4,657.8	4,076.1	-5.1	-5.8
Total Crime Rate	5,376.7	4,854.8	5,102.1	4,593.1	-5.1%	-5.4%

Note: All crime rate numbers are reported per 100,000 population.

Numbers may not total due to rounding.

Source: Texas Department of Public Safety.

Public safety and criminal justice accounted for nearly 23,000 jobs in the South Texas region and more than \$1.1 billion in earnings in 2006.¹⁰

Endnotes

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³ Data provided by EMSI.

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⁹ Data provided by Texas Department of Public Safety.

¹⁰ Texas Comptroller calculation based on data obtained from Texas Workforce Commission.





Infrastructure

To a large degree, a region's basic infrastructure — its water and energy supplies and transportation systems — can determine its economic viability. It can be the determining factor for business locations, drawing or attracting a talented work force and ensuring that residents of the area have a high quality of life.

The South Texas region has many infrastructural advantages, due in large part to its location. Like the rest of the state, however, the region also faces challenges in maintaining its infrastructure and expanding it to serve the needs of the area's growing population and economy.

Water

In Texas' southernmost region, two famous rivers — one an international boundary, the other a historical territorial limit — account for almost 80 percent of its water supplies.¹ These rivers, the Rio Grande and the Nueces, receive supplies from their tributaries and the international reservoirs on the Rio Grande, as well as the Lavaca River basin north of the region.

The land between the two rivers is rich in early Spanish, Mexican and Texas history. From the days of the Texas Revolution onward, Mexico claimed the land from the Rio Grande to the Nueces as its own. The Rio Grande was not recognized as an international boundary until the Treaty of Guadalupe Hidalgo in 1848, which ended the Mexican War.²

The Rio Grande was not recognized as an international boundary until the Treaty of Guadalupe Hidalgo in 1848, which ended the Mexican War.



Anzalduas Bridge Construction, McAllen, Texas

PHOTO: Texas Comptroller of Public Accounts, Barbara Schief



South Texas has distinct subregions. In the north, the southern reaches of the Edwards Plateau in Val Verde, Edwards, Real, Uvalde and Kinney counties provide the state and nation with cattle, sheep and goats. The nearby Winter Garden area in Dimmit, La Salle and Zavala counties includes vast fields of vegetables grown year-round. In the western region is the city of Laredo, the “Gateway to Mexico” and international commerce. The southernmost counties along the Rio Grande—Starr, Hidalgo, Willacy and Cameron—are collectively known as “the Lower Rio Grande Valley,” famous for citrus and other fruit crops. In between is the “Brush Country,” known for its hunting and its famous ranches, especially the King Ranch and the Kenedy Ranch.

In addition to the surface waters in the Rio Grande and Nueces rivers, four major aquifers in the region provide groundwater that is used primarily for crop irrigation. The region is much more dependent on surface water, however. In 2004, South Texas used almost four times more surface than groundwater.

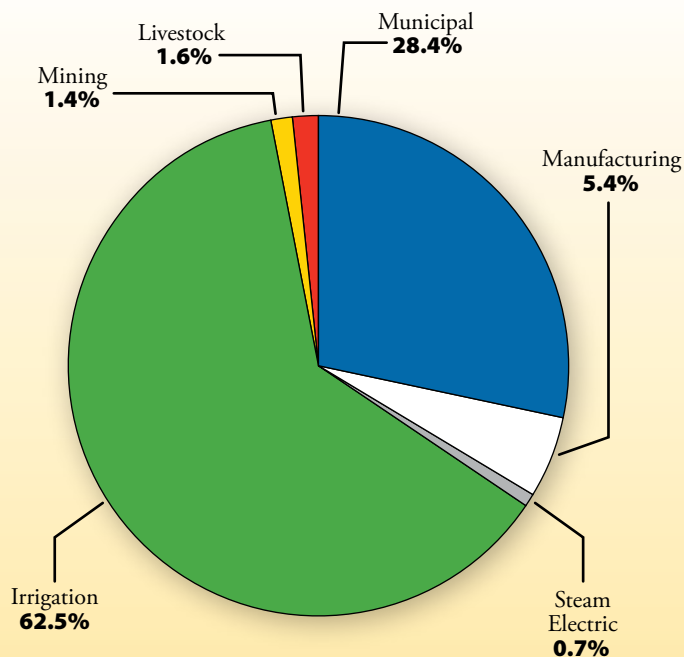
Average annual rainfall in the region ranges from 20 to 35 inches, with rainfall increasing as one travels from northwest to southeast. Statewide rainfall averages range from 10 inches annually in far West Texas to 55 inches in the Beaumont and Port Arthur area.³

In 2004 (the most recent data available), irrigation accounted for 62.5 percent of all water use in the South Texas region (**Exhibit 30**). The region also uses water for municipal water systems, manufacturing, livestock, mining and electricity.⁴

The South Texas region covers all or parts of four water planning regions, as designated by the Texas Water Development Board (TWDB). This includes all of Region M (Rio Grande) from Maverick County to the Gulf, and Region N (Coastal Bend), centered on the city of Corpus Christi. Also included is most of Region J (the Plateau), except for Kerr and Bandera counties, and five counties (but only about 3 percent of the population) of Region L (South Central Texas), which extends north and east from Dimmit County through Bexar County and then south and east to the Gulf of Mexico (**Exhibit 31**).

Under state law, water planners must estimate their area’s water supply and use over a 50-year period; the current planning horizon ends in 2060. Based on actual data from 2000, the region’s planners project that overall water use in the South Texas region

Exhibit 30

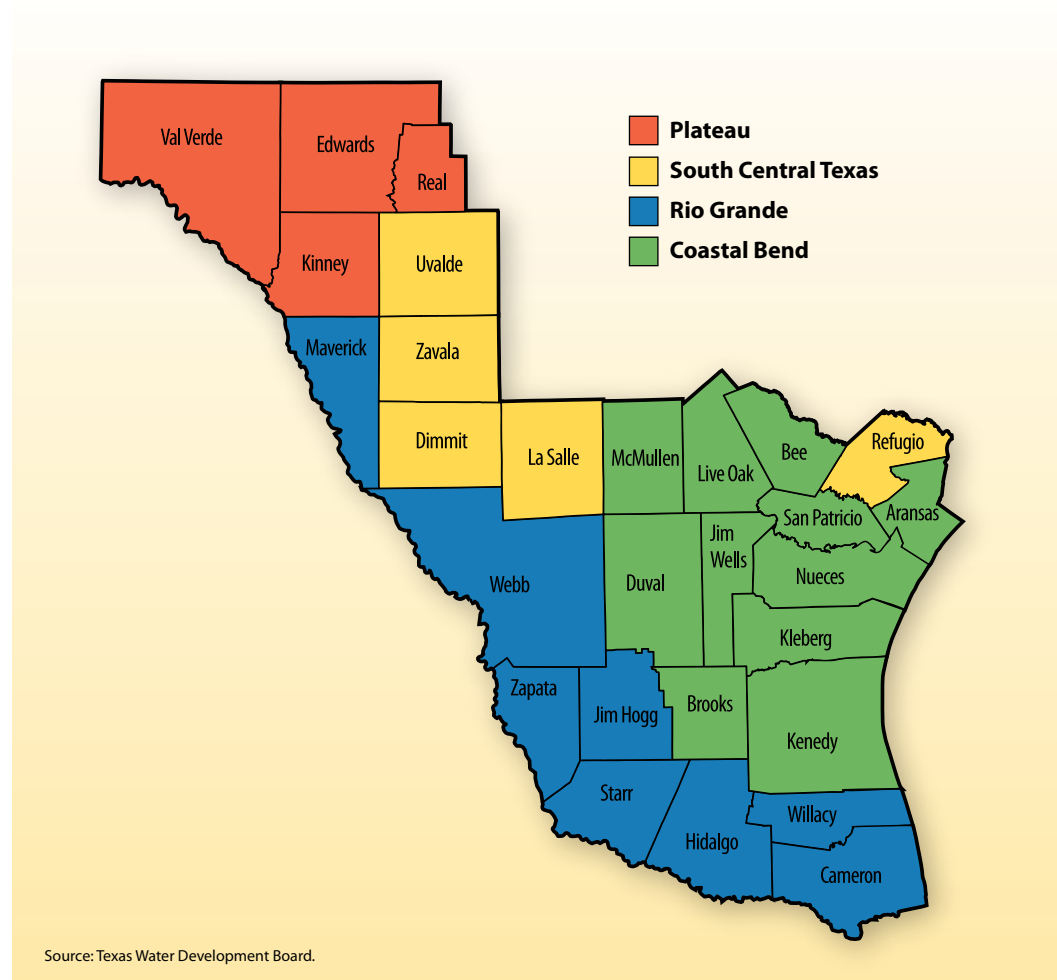
South Texas Region Total Water Use, 2004

Sources: Texas Water Development Board and Texas Comptroller of Public Accounts.



Exhibit 31

Regional Water Planning Groups in South Texas



South Texas accounts for nearly half of Texas' coastline along the Gulf of Mexico.

will increase by 68.3 percent by 2060, to 2,156,005 acre-feet. One acre-foot of water equals 325,851 gallons, roughly the annual consumption of two to three households in Texas. A regulation Olympic-sized swimming pool holds about two acre-feet.

Every economic sector is expected to increase its water consumption. The manufacturing and mining sectors combined are expected to account for about 6 percent of the region's water use in 2060, as was the case in 2000.

As a result of large urban and suburban population growth, the relative share of

regional water demand for livestock and irrigation is expected to decrease over time, scoring almost a 12 percent drop for the entire 2000-2060 period, while the share of water used for electricity generation and municipal consumption is expected to increase by roughly 12 percent (**Exhibit 32**).⁵

Surface Water

South Texas accounts for nearly half of Texas' coastline along the Gulf of Mexico. Fresh water flowing into coastal bays and estuaries is essential to the ecosystems that



Exhibit 32

**South Texas Actual and Projected Total Water Use by Sector, 2000-2060
(In acre-feet)**

Sector	2000 Actual	2020 Projected	2040 Projected	2060 Projected
Irrigation	810,470	1,254,880	1,139,880	1,126,486
Municipal	357,600	499,926	653,940	821,150
Manufacturing	61,964	79,090	89,715	101,034
Livestock	19,569	21,507	21,507	21,507
Mining	17,928	22,498	23,713	25,566
Steam Electric	13,874	31,176	42,875	60,262
Total	1,281,405	1,909,077	1,971,630	2,156,005

Source: Texas Water Development Board.

Exhibit 33

South Texas Major Rivers, River Basins and Coastal Bays

Source: Texas Water Development Board.



support the fishing, shrimp and oyster industries, in addition to tourism.

As noted earlier, the South Texas region depends heavily on the Nueces and Rio Grande rivers for its water. But these rivers also provide fresh water to the San Antonio, Aransas and Corpus Christi bays and the Laguna Madre (**Exhibit 33**).

South Texas water management has some unique features. The region contains the only two reservoirs Texas shares with Mexico, Falcon Lake and Lake Amistad, and the only channel dams on the Rio Grande that provide water for crop irrigation, Anzalduas and Retamal. These facilities, in addition to miles of levees and a weir (a low dam) in Brownsville, are owned and controlled by the International Boundary and Water Commission (**Exhibit 34**).

Amistad is one of Texas' largest reservoirs, with more than three million acre-feet of capacity. The National Park Service maintains the Amistad National Recreation Area

(NRA) near Del Rio in Val Verde County.

Amistad NRA is the U.S. portion of the reservoir and is known for excellent water-based recreation, prehistoric rock pictographs and a wide variety of plant and animal life.⁶

The Anzalduas Diversion Dam in the Lower Rio Grande Valley is designed to divert irrigation water into Mexico and floodwaters into the U.S. The Retamal Dam further downstream diverts Rio Grande floodwaters into Mexico.⁷

As of late June 2008, most major reservoirs and lakes in South Texas were in very good shape heading into the summer growing season. Amistad was 117 percent full; Falcon was at 52 percent, Choke Canyon, 92 percent and Lake Corpus Christi Reservoir, 84 percent.⁸

South Texas contains portions of two river authorities that manage the region's intrastate surface water. The Guadalupe-Blanco River Authority manages that river from its Hill Country origins down to its mouth in Refugio

The South Texas region contains the only two reservoirs Texas shares with Mexico, Falcon Lake and Lake Amistad.

Exhibit 34

Major Reservoirs and Lakes in the South Texas Region

Reservoir/ Lake Name	River Basin	Year 2010 projected yield (acre-feet)	Conservation storage capacity (acre-feet)
*Amistad Reservoir, International	Rio Grande	1,067,310	3,151,267
Anzalduas Channel Dam	Rio Grande	No water supply function	13,910
Casa Blanca Lake	Rio Grande	0	20,000
Choke Canyon Reservoir	Nueces	168,299	695,271
**Lake Corpus Christi	Nueces	NA	257,260
Delta Lake	Nueces-Rio Grande	No water supply function	14,000
*Falcon Reservoir, International	Rio Grande	NA	2,653,760
Loma Alta Lake	Nueces-Rio Grande	Storage	26,500
Upper Nueces Lake	Nueces	0	5,200
TOTAL		1,235,609	6,837,168

* Projected yield from the international reservoirs is the Texas portion only; storage capacity is that of the entire reservoir.

**The lake is operated as part of a system, so no individual reservoir yield totals are available.

Source: Texas Water Development Board.



International Water Management

The International Boundary and Water Commission (IBWC), established in 1889, is responsible for managing all waters shared by the U.S. and Mexico from San Diego, California, to Brownsville, excluding maritime waters in the Pacific Ocean and the Gulf of Mexico. The U.S. section of IBWC is a federal agency headquartered in El Paso under the guidance of the U.S. State Department. With its Mexican counterpart, IBWC enforces provisions of the 1944 "Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande" treaty between the two countries, in addition to several earlier treaties and subsequent amendments (called "minutes").

Of particular interest to Texas is the IBWC's management of the 1,254 miles of the Rio Grande international border (known as the Rio Bravo in Mexico). The U.S. is entitled, under the treaty, to all the waters reaching the main channel of the Rio Grande from several specific creeks on the U.S. side; one-third of the flows from six specific tributaries in Mexico; and one-half of all flows into the main Rio Grande channel downstream from the abandoned Civil War-era Fort Quitman, which is itself about 80 miles downstream from El Paso (**Exhibit 35**).⁹

Given the importance of water to both countries, the treaties have been the subject of almost constant revision and interpretation since their signing.

Most recently, a dispute involving water-sharing arose between the two countries during a time of intense drought in the 1990s and early 2000s. The legal dispute was resolved when Mexico repaid 1.5 million acre-feet to the U.S. in September 2005. Some Texas farmers and irrigation districts in the Rio Grande Valley, however, have pursued damage claims in international courts under the provisions of the North American Free Trade Agreement (NAFTA), alleging that Mexico illegally withheld water owed to Texas, causing the parties severe economic losses.

The claims of the Texas parties were denied by a NAFTA arbitration panel and, in May 2008, a Canadian trial court refused a motion by the Texas interests to overturn that decision. In June 2008, the Texans decided not to appeal their case.

Exhibit 35

International Boundary Water Commission Facilities, 2004



- | | | |
|-----------------------------------|-----------------------------------|----------------------------------|
| 1. Amistad Dam | 4. Anzalduas Dam | — Lower Rio Grande Flood Control |
| 2. Laredo-Nuevo Laredo Sanitation | 5. Retamal Dam | |
| 3. Falcon Dam | 6. Aquatic Plant Control Projects | |

Source: International Boundary and Water Commission.



County; the Nueces River Authority manages water from the river's northern origins in Edwards and Real counties down to the river's mouth in Nueces and San Patricio counties.

Groundwater

In all, the South Texas region relies less heavily on groundwater supplies than surface water, although its northern counties generally make greater use of the aquifers than the southern counties. In 2004, groundwater supplied a fifth (21.1 percent) of the region's water (**Exhibit 36**).

Irrigation accounted for more than 65 percent of the region's groundwater use; another

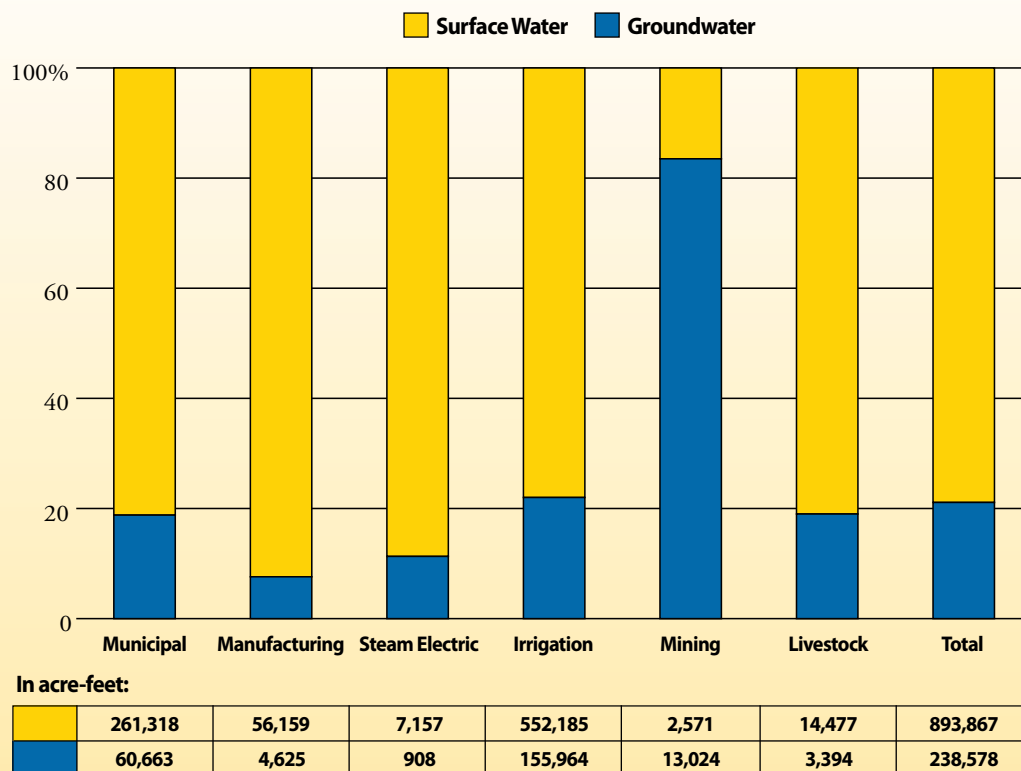
quarter went to municipal supplies. The mining sector used 5.5 percent of the groundwater total; it is also the only economic sector that used more groundwater than surface water.¹⁰

Groundwater comes from aquifers, water-bearing layers of permeable rock, sand or gravel within the earth. The South Texas region sits above portions of four major aquifers and small parts of three minor aquifers (**Exhibits 37 and 38**).¹¹

State laws approved in 1999 and 2001 encourage the use of groundwater conservation districts (GCDs or GWCDs), led by locally elected or appointed officials, to manage groundwater sources. The South Texas region

Exhibit 36

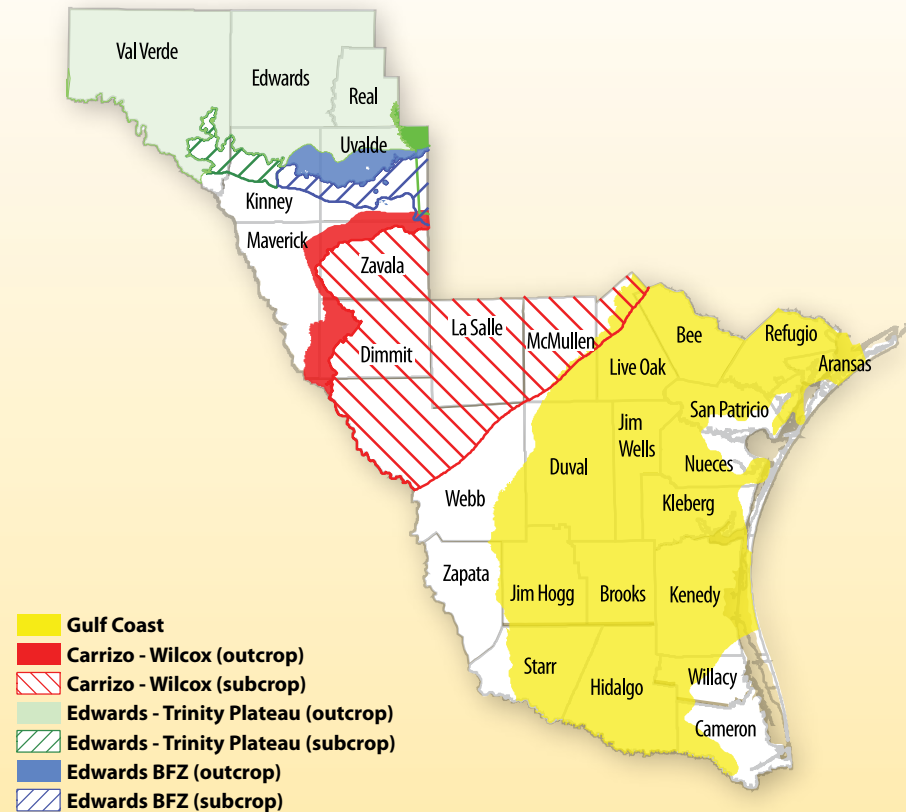
South Texas Region Water Sources, by Sector, 2004



Sources: Texas Water Development Board and Texas Comptroller of Public Accounts.



Exhibit 37

Major South Texas Aquifers

Note: Outcrop – portion of water-bearing rock unit exposed at the land surface.
Subcrop – portion of water-bearing rock unit existing below other rock units.
Source: Texas Water Development Board.

Exhibit 38

Aquifers in the South Texas Region

Aquifer Name	Availability (acre-feet in 2010)
Gulf Coast	1,825,976
Carrizo-Wilcox	1,014,753
Edwards-Trinity Plateau	572,515
Edwards Balcones Fault Zone	373,811
Queen City*	295,791
Sparta*	50,511
Yegua-Jackson*	24,720

*Designated a minor aquifer by TWDB.
Source: Texas Water Development Board.



Desalination

The largest coastal cities in the South Texas region — Brownsville and Corpus Christi — plan to create municipal seawater desalination plants in the near future (**Exhibit 39**). The Regional Water Planning Groups (RWPGs) for both cities recommend desalination as a future water supply strategy.¹²

Desalination (“desal”) or the desalting of water is, as water treatments go, a fairly straightforward but energy-intensive enterprise. Two methods are employed — reverse osmosis or RO, which involves high-pressure membrane filtration, and distillation, which is a steam recovery system. RO is more useful for low-salinity waters; distillation is better for high-salinity seawater.¹³ The Texas Water Development Board (TWDB) estimates that the average annual cost of desalinating brackish or semi-saline water was \$429 to \$953 per acre-foot; desalinating seawater costs \$768 to \$1,390 per acre-foot.¹⁴ These costs are roughly two to 10 times higher than the average costs of preparing non-saline water for human consumption.

The higher the source water’s salinity, the more energy is required to pressurize or boil it for desal operations. A recent study by TWDB estimated that energy costs could account for half of a desal system’s annual operating costs.¹⁵

South Texas has several operating RO desal plants treating brackish groundwater to make it suitable for human consumption. The largest of these plants, operated by the Southmost Regional Water Authority in Brownsville, produces an average of four million gallons per day (MGD).¹⁶

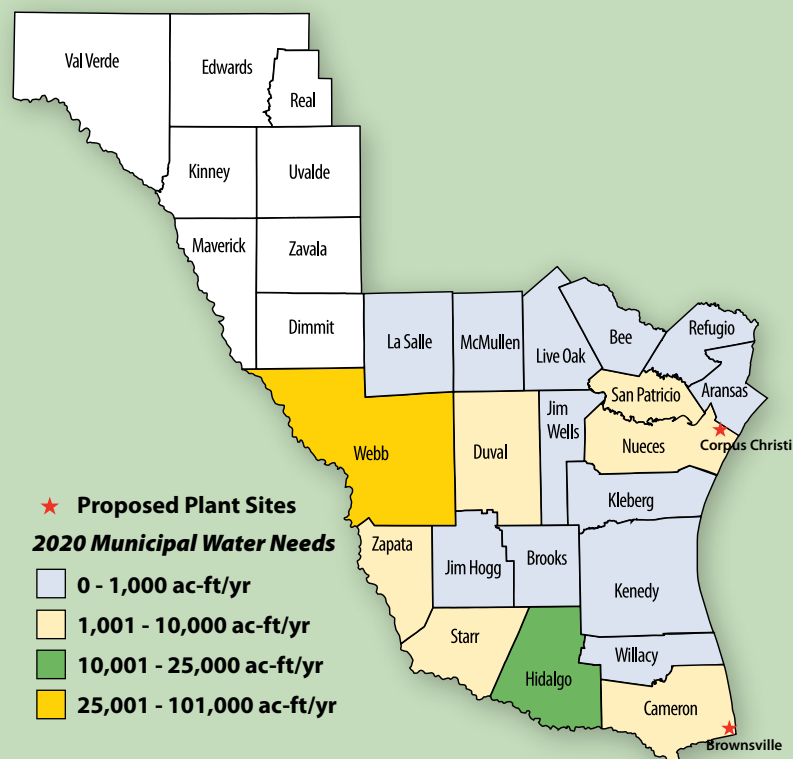
The Brownsville Public Utilities Board, along with TWDB, is working on a plan to build a large-scale desalination plant demonstration project using water from the Gulf of Mexico that could produce 25 MGD of water fit for human consumption. Initial cost estimates for the project made in 2004 were \$150 million for capital costs and \$6.6 million to \$12.5 million for annual operation and maintenance costs.¹⁷ Currently, Brownsville’s existing water plants have the capacity to produce 40 MGD.¹⁸

TWDB and local leaders believe a desal plant could be a significant part of a regional water system to relieve pressure on constrained surface and groundwater sources.

The City of Corpus Christi conducted an initial desal feasibility study a few years ago and is working on a strategy now that may include desal of either brackish groundwater or seawater. The city estimates that a brackish desal facility would cost \$3 per gallon to build, while a seawater desal plant could cost \$9-\$10 per gallon. Corpus Christi has enough raw water to meet current demand, according to the city’s director of the water department, but leaders are weighing the considerable costs of desal against other options, such as pipelines to other sources. Another potential strategy is pumping treated water into a nearby aquifer for storage. The aquifer contains brackish water, which would be pushed away by the treated water. Removing that water would mean desalting and treating it again, much like any water stored underground.¹⁹

Exhibit 39

Texas Seawater Desalination Sites and Water Needs 2020



Source: Texas Water Development Board.



has 14 GCDs, including the state's smallest as measured by land area (31 square miles), the Red Sands GCD in Hidalgo County. Ten of these GCDs are single-county districts, and the Edwards Aquifer Authority also includes the South Texas county of Uvalde.²⁰

Groundwater conservation districts have some ability to restrict groundwater pumping to sustain aquifer levels. Some South Texas districts, such as Wintergarden and Kenedy County GCDs, have ad valorem taxing authority, while others, such as the San Patricio County and the Starr County GCDs, do not. State law generally allows districts to receive revenue through bond proceeds, fees, investments, grants and loans, depending on the statute creating the district.

As noted earlier, current projections indicate that agricultural water use in the region inevitably will give way in part to lower-volume municipal demands, and this is true of groundwater as well as surface supplies. The South Texas region has a few large and growing cities, such as Corpus Christi, Brownsville, Laredo and McAllen, one of the fastest-growing cities in the nation. As these metropolitan areas grow, water demand will shift from irrigation to municipal use.

Parks and Recreational Opportunities

The South Texas region has numerous recreational facilities and opportunities available to the public. From tubing the Frio River in Garner State Park to birding in the Rio Grande Valley to fishing in the Gulf of Mexico or boating in the numerous lakes in the region, the South Texas region has something for everyone.

State Parks

The South Texas region offers a variety of outdoor recreational opportunities at its state parks, natural areas and beaches. The state parks with the most positive economic impact on the region are Garner State Park, Goose Island State Park, Lake Corpus Christi State Park and Mustang Island State Park.

Garner State Park, located 30 miles north of the city of Uvalde in Uvalde County, consists of about 1,420 acres as well as 10 water acres of the Frio River. The park was acquired by the state in 1934 and was named after U.S. Vice President John Nance Garner ("Cactus Jack") of Uvalde. The park offers visitors the opportunity to swim in the clear waters of the Frio River, ride the river's rapids on inner tubes and hike along nature trails. During the summer season, the park hosts jukebox dancing at its central concession building every night.²¹

In fiscal 2006, Garner State Park had more than 540,000 non-local visitors who spent more than \$4.8 million in the area. It had a total economic impact on sales in Uvalde County of more than \$7.8 million.²²

Goose Island State Park, on the tip of Lamar Peninsula north of Rockport in Aransas County, is bordered on two sides by the St. Charles and Aransas bays. The park consists of about 321 acres and was acquired by the state in 1931 from private owners. Its mainland portion comprises live oak and red-bay woods, which also contain yaupon holly, American beautyberry, coral bean and wax myrtle trees. The largest live oak in Texas, estimated to be more than 1,000 years old, can be found here.

Garner State Park had more than 540,000 non-local visitors who spent more than \$4.8 million in the area. It had a total economic impact on sales in Uvalde County of more than \$7.8 million.



In addition, the park is home to a tall grass prairie and a coastal wetland area that provides a perfect habitat for the endangered whooping crane, which feeds on berries and blue crabs in the coastal wetlands around the park. A portion of the park is an oyster shell island consisting of a shell ridge and marshland. The bays around Goose Island are filled with sea grass beds and oyster reefs. The main recreational activities include camping, hiking, bird watching and fishing.²³

In fiscal 2006, Goose Island State Park had more than 329,000 non-local visitors who spent more than \$4.9 million in the local area. The park had a total economic impact on sales in Aransas County of more than \$7 million.²⁴

Lake Corpus Christi State Park is located in San Patricio, Jim Wells and Live Oak counties, southwest of the city of Mathis. It consists of about 14,112 land acres as well as 21,000 acres of water in the form of Lake Corpus Christi, formed by damming the Nueces River. The park is leased to the state by the city of Corpus Christi and has been operating as a state park since 1934. Recreational activities include camping, picnicking, boating, water skiing, fishing, swimming, bird watching and hiking. The park represents one of the few remaining stands of brush land in the area and provides habitat to a wide variety of animals.²⁵

In fiscal 2006, Lake Corpus Christi State Park had about 180,000 non-local visitors who spent more than \$4.6 million in the area. The park had a total economic impact on sales in San Patricio, Jim Wells and Live Oak counties of just over \$6.7 million.²⁶

Mustang Island State Park, in Nueces County south of Port Aransas, consists of 3,954 acres with about five miles of beachfront on

the Gulf of Mexico. The state acquired the park from private owners in 1972. Mustang Island was inhabited by the Karankawa Indians. The island was named Mustang Island because of wild horses brought to the island in the 1800s by the Spaniards. Recreational activities include camping, picnicking, fishing, swimming, surfing, hiking, biking and bird-watching during the spring and fall.²⁷

In fiscal 2006, Mustang Island State Park had more than 172,000 non-local visitors who spent nearly \$1.7 million in the local area. The park had a total economic impact on sales in Nueces County of nearly \$3.7 million.²⁸

Exhibit 40 summarizes the economic impact of state parks and natural areas in the South Texas region.

In addition to the parks and natural areas listed above, the region is also home to the Devil's Sinkhole Natural Area and Kickapoo Cavern State Park in Edwards County; the Devil's River Natural Area in Val Verde County; and Falcon State Park in Zapata County. These areas had a combined fiscal 2007 visitation of more than 85,000 people.²⁹

Recreational Lakes and Reservoirs

The South Texas region has a number of lakes and reservoirs offering recreational activities, including boating and fishing.³⁰

Exhibit 41 shows the lakes and reservoirs in the region, their location and approximate size and maximum depth.

Hunting and Fishing

In 2007, hunting and fishing enthusiasts in the South Texas region purchased more than 286,000 licenses at a cost of nearly \$11

In 2007, hunting and fishing enthusiasts in the South Texas region purchased more than 286,000 licenses at a cost of nearly \$11 million.



Exhibit 40

State Parks and Natural Areas, South Texas Region, Fiscal 2006

Name	Number of Out of Area Visitors	Total Economic Impact on Sales	Money Spent by Outside Visitors
Garner State Park	540,000	\$7.8 million	\$4.8 million
Goose Island State Park	329,000	7.1 million	4.9 million
Lake Corpus Christi State Park	180,000	6.7 million	4.6 million
Mustang Island State Park	172,000	3.7 million	1.7 million
Lost Maples State Natural Area	82,000	1.7 million	1.0 million
Seminole Canyon State Natural Area	43,000	1.7 million	980,000
Choke Canyon State Park	50,000	1.4 million	680,000
Lake Casa Blanca International State Park	42,000	1.2 million	370,000

Source: Texas A&M University.

Padre Island National Seashore

In addition to state parks, the South Texas region is home to the Padre Island National Seashore, located in Kleberg, Willacy and Kenedy counties about 30 miles south of the city of Corpus Christi. The seashore, established as a national seashore in 1962, consists of 130,434 land acres. It is the longest still undeveloped stretch of barrier island in the world.

The seashore is home to the Kemp's Ridley sea turtle, the world's most endangered sea turtle. It is also the perfect place to view more than 380 different species of birds and has been designated a World Birding Center because it is located on a major North American migratory bird route known as the Central Flyway. Recreational activities include camping, picnicking, fishing, swimming, hiking, biking and excellent bird watching during the spring and fall.

In addition to being a wildlife management area and a thriving tourist location, the Padre Island National Seashore is home to significant oil and natural gas deposits. Oil and natural gas development has occurred at the seashore since the early 1950s, before its designation as a national seashore. Today, high oil and gas prices have spurred new drilling throughout southern Texas, including Padre Island.³¹

In 2006, the National Park Service estimated that visitors to the Padre Island National Seashore spent nearly \$51.8 million in the surrounding area, adding nearly 1,000 jobs.³²

million from the Texas Parks and Wildlife Department (TPWD). All revenues collected from the sale of hunting and fishing licenses go to a dedicated state fund set up for the protection, regulation and conservation of the state's fish and wildlife.³³

Every county in the South Texas region offers some sort of legal hunting, and several counties offer some type of hunting year-round (**Exhibit 42**).

In addition to hunting, the South Texas region has abundant saltwater and freshwater fishing opportunities available to the public. Some of the saltwater fish species that can be caught in the region include catfish, drum (black and red), flounder, mullet, sea trout, shark (nurse and hammer head), sheepshead, snook and tarpon. The freshwater species that can be caught in the area are bass (large mouth, small mouth and white), bluegill, catfish (blue, channel and flathead), crappie and sunfish. In addition to state parks and beaches, anglers can try their luck at deep-sea fishing and can fish on numerous private lakes and ponds in the region.



Exhibit 41

Lakes and Reservoirs, South Texas Region

Name	Location	Size	Maximum Depth
Falcon International Reservoir	40 miles east of Laredo	83,654 acres	80 feet
Lake Amistad	12 miles northwest of Del Rio	64,900 acres	217 feet
Choke Canyon Reservoir	4 miles west of Three Rivers	25,670 acres	96 feet
Lake Corpus Christi	20 miles northeast of Corpus Christi	18,256 acres	60 feet
Lake Casa Blanca	5 miles northeast of Laredo	1,680 acres	36 feet
Lake Findley (Alice City Lake)	1 mile north of Alice	247 acres	12 feet
Averhoff Reservoir	10 miles northeast of Crystal City	174 acres	28 feet

Source: Texas Parks and Wildlife Department.

Exhibit 42

Hunting Regulations in the South Texas Region

Animal	Season
White-tailed Deer	Open season lasts from November 3 until January 20. Special late general season January 21 until February 3. The limit is five deer with no more than three bucks.
	Archery season lasts from September 29 until November 2. The limit is five deer, with no more than three bucks. Antlerless deer may be hunted without a permit unless TPWD has issued antlerless managed land deer Permits (MLDP) to help control the deer population.
	A special youth-only season occurs twice a year on October 27 - 28, and January 19 - 20.
Mule Deer	The season lasts from November 24 until December 9. The limit is two deer with only one buck. Antlerless deer may be taken only by MLDP.
	Archery season for mule deer lasts from September 29 until November 2. The limit is one buck.
Javelina	Javelina season is open year-round. The annual bag limit is two per year.
Squirrel	Squirrel season is open year-round with no limit.
Turkey	Open season lasts from November 3 until January 20, and until February 24 in some counties and March 15 until April 27. The annual bag limit for Rio Grande and Eastern turkey is four, no more than one of which may be an Eastern turkey.
	Archery season lasts from September 29 until November 2.
	Special youth-only season occurs twice a year on March 8 - 9 and May 3 - 4.
Quail	Open season lasts from October 27 until February 24. Daily bag limit: 15; possession limit: 45.
Dove	Much of the region is in the special White-winged Dove Area where the special season occurs on September 1, 2, 8 and 9 and the regular seasons last from September 21 until November 11 and December 26 until January 8. The remainder of the region has an open season from September 21 until November 11 and December 26 until January 12.

Source: Texas Parks and Wildlife Department.



Energy

Reliable energy is vital to the success and prosperity of the South Texas region. For nearly a century, the energy used by residents of the region came primarily from oil or natural gas. Today, fossil fuels continue to produce a significant portion of the region's energy, but new sources such as wind and nuclear power are being considered to supplement them.

Oil and Natural Gas

The South Texas region is home to six of the state's top 25 natural gas fields — the Vaquillas Ranch Field, B.M.T. Field, Benavides Field, Bashara-Hereford Field and La Perla Field in Webb and Zapata counties and the Javelina Field in Hidalgo County. While South Texas does not contain one of the state's "top 25" oil fields, oil is found throughout the region.³⁴

According to the Texas Railroad Commission, the region has about 5,900 active oil wells, with the largest concentrations in Refugio County (860 wells), Maverick County (842 wells) and Duval County (839

wells). The region also has about 16,700 active natural gas wells. The largest concentrations of natural gas wells are located in Webb County (4,491 wells), Zapata County (2,906) and Hidalgo County (1,491 wells).³⁵ In 2007, Webb County alone accounted for 3.7 percent of all natural gas produced in Texas, or about 216 million cubic feet.

The Comptroller's office has determined that the South Texas region's oil and natural gas industry accounted for more than 17,000 jobs and nearly \$1.2 billion in earnings in 2006.³⁶

Uranium

Texas has four permitted and active uranium mines, all in the South Texas region, one in Brooks County, two in Duval County and one in Kleberg County. In addition to these four, the state also has a pending mine set to open in late 2008 and a closed mine being reclaimed, both located in Duval County. The four currently active mines are operated by two companies; the Alta Mesa Project in Brooks County is run by Mesteña Uranium, L.L.C. while the Kingsville Dome in Kleberg County and the Rosita and Vasquez Mines in Duval County are run by Uranium Resources, Inc.³⁷

The Alta Mesa Project is by far the largest uranium mining operation in Texas, producing more than a million pounds of yellowcake — a uranium concentrate used for fuel pellet fabrication — annually.³⁸ The state's total annual yellowcake output is about 1.3 million pounds.³⁹

Coal

The South Texas region has four lignite coal mines, three in Webb County (Palafox Mine, Rachal Mine and Treviño Mine) and

ESPN Bassmaster Tournament at Falcon Lake

Zapata County and Falcon Lake hosted the April 2008 Bassmaster Elite Series-Lone Star Shootout Tournament, sponsored by ESPN. The tournament featured 110 of the world's best bass anglers and more than \$100,000 in prize money. The winner had the highest weigh-in in tournament history. The tournament was a family event offering a cook-off, dueling mariachi bands, a casting challenge, a kids' fishing tank and live music.



World Birding Centers

The South Texas region has several state wildlife management areas, all in the Lower Rio Grande Valley. The Texas Parks and Wildlife Department, the U.S. Fish and Wildlife Service and nine South Texas communities have developed nine tracts of land as wildlife management centers for the express purpose of providing a habitat for the birds that inhabit and fly over the Rio Grande Valley. These areas are called World Birding Centers (WBC).

The WBC at Bentsen-Rio Grande Valley State Park, near the city of Mission, is known across the nation as the one place in the U.S. where birders can view green jays and plain chachalacas. Other rare birds such as the ferruginous pygmy owl and northern beardless tyrannulet can also be found in the park. The 760 acre Bentsen-Rio Grande Valley State Park and more than 1,700 acres of federal refuge land provide year-round nature experiences.⁴⁰

The WBC at Estero Llano Grande State Park located in the city of Weslaco offers 200 acres of varied landscape attracting a spectacular array of South Texas wildlife. The park offers a lake, woodlands and a thorn forest. It is an ideal spot for hundreds of waders and shorebirds, including the endangered wood stork and colorful coastal species such as the roseate spoonbill and ibis. The woodland and thorn forest provide an excellent haven to harbor groove-billed ani and the Altamira oriole. The park also has rare red-crowned parrots and green parakeets.⁴¹

The WBC at Resaca de la Palma State Park, located in the city of Brownsville, consists of 1,700 semi-tropical acres only a few miles away from an international urban center. The Resaca de la Palma is an especially good spot to see colorful neo-tropical migratory birds such as the summer tanager, American redstart and yellow-breasted chat. Dense ground vegetation provides an excellent habitat for the olive sparrow, long-billed thrasher and white-eyed vireo.⁴²

In addition to these parks, the Valley has six other World Birding Centers (**Exhibit 43**).⁴³

Exhibit 43
Other World Birding Centers, South Texas Region

Name	Location	Size
Edinburg Scenic Wetlands	Downtown Edinburg	40 acres
Harlingen Arroyo Colorado	10 miles northeast of Harlingen	95 acres
Old Hidalgo Pumphouse	7 miles southwest of Hidalgo	600 acres
Quinta Mazatlan	Downtown McAllen	15 acres
Roma Bluffs	Downtown Roma	3 acres
South Padre Island Birding and Nature Center	South Padre Island	50 acres

Source: World Birding Center.

According to the Texas Parks and Wildlife Department, the creation of the World Birding Center is estimated to generate more than \$100 million annually in new tourism dollars for the Lower Rio Grande Valley.⁴⁴



Liquefied Natural Gas

On November 28, 2007, a liquefied natural gas (LNG) terminal developer and operator, 4Gas, announced its acquisition from ExxonMobil of the Vista del Sol LNG terminal and pipeline located at the La Quinta Ship Channel near Ingleside.

LNG is formed by cooling natural gas to negative 260 degrees Fahrenheit, or the point at which natural gas becomes a liquid. The liquid created is then loaded on specially made cargo ships and transported to a LNG terminal where it is heated, transformed back into a gas and placed in a pipeline. The liquefaction process reduces the volume of natural gas by a factor of 600, making it possible to ship large quantities. 4Gas' acquisition, coupled with the purchase of a 300-acre site adjacent to the terminal, will significantly increase the Port of Corpus Christi's LNG refining and storage capabilities.

The terminal's location will allow 4Gas to deliver natural gas to local Corpus Christi industrial businesses, utilities and merchant power generators who require substantial volumes of natural gas. In addition, the terminal is connected to a 25-mile pipeline with connections to six interstate and two intrastate natural gas pipelines. 4Gas' acquisition and investment in the LNG terminal and pipeline will help the local economy and make natural gas more readily available to the South Texas region.⁴⁵

one in Maverick County (Eagle Pass Mine). The three mines in Webb County, all run by Farco Mining Company, have been shut down and are currently in a reclamation process. The mine in Maverick County, run by Dos Republicas Resources Company, is still producing coal, which is primarily sold to Mexico for use in coal-fired electricity generating facilities.⁴⁶

In 2006, coal and uranium mining accounted for more than 12,000 jobs and more

than \$653 million in earnings in the South Texas region.⁴⁷

Wind

Texas leads the nation in installed wind capacity, with 4,296 megawatts (MW) or enough to power about 1 million homes.⁴⁸ Currently, all Texas wind energy projects producing electricity are located in the High Plains region or in West Texas. The South Texas region, however, also has strong winds and significant wind energy potential.

In 2008, construction began on Phase I of the 200 MW Peñascal Wind Power project in the South Texas region.⁴⁹ Located on the Kenedy Ranch, between the cities of Corpus Christi and Brownsville, the project will create up to 200 temporary construction jobs and more than 10 permanent operation jobs.⁵⁰ In addition, developer Babcock and Brown has announced plans to build a 283 MW project on the Kenedy Ranch.

Climate

South Texas is Texas' warmest region. According to the Texas Almanac, the region's first freeze typically occurs between December 1 and December 16 and the last freeze generally occurs between January 30 and March 16. Most of the region passes its average last freeze date by Valentine's Day, and some parts of the region rarely reach freezing temperatures at all. The average South Texas lows in January range from 33.1°F in Real County to 50.5°F in Cameron County; the average highs in July range from 90.1°F in Aransas County to 101.6°F in Webb County.



Opposition to wind development on the Kenedy Ranch has arisen from concern for birds, bats and water permeability issues. The Coastal Habitat Alliance, a nonprofit organization dedicated to protecting the Texas Gulf Coast, has sought an injunction to block construction of the Peñascal wind project claiming that the roads and concrete pads needed for wind turbines would make the soil impermeable thus impeding the flow of water that feeds the Laguna Madre. It could take several months for the federal court to make a decision on this case.

In addition to these projects, American Shoreline has announced plans to build two wind farms near the community of Hebbronville. The two facilities would produce 800 MW and would cover 35,000 acres in Jim Hogg, Webb and Zapata counties at a cost of about \$2 billion. When completed, the two wind farms could generate enough electricity to power about 220,000 homes.⁵¹

To date, all U.S. wind projects have been built on land, but interest in offshore wind development is growing. In October 2007, the Texas General Land Office awarded four competitively bid leases for offshore wind power. One of the leases would be located offshore from Cameron County in far South Texas.⁵² The initial research and development phase for this project will take about four years.⁵³

Utility Rates and Services

Eight U.S. “reliability councils” manage the transfer of electricity across North America and ensure reliable electricity transmission. The Electric Reliability Council of Texas (ERCOT) is Texas’ largest, managing the flow of 85 percent of the state’s electric

load over about 75 percent of its land area.⁵⁴

All counties in the South Texas region are within the ERCOT power region.

Texas began deregulating the retail electricity market in 2002. This deregulation, however,

Wind Turbine and Blade Testing Facility

In June 2007, the U.S. Department of Energy (DOE) announced it had selected Texas as one of two sites for a wind turbine research and testing facility. (The second site is in Massachusetts.) The Texas site, for a blade testing facility, will be located just north of Corpus Christi, at Ingleside.⁵⁵ The site includes docks and has access to the La Quinta ship channel and the Corpus Christi ship channel. This proximity to waterborne transportation was a key factor in the site’s selection; the facility will test wind blades up to 330 feet in length.

The University of Houston led the Lone Star Wind Alliance, a coalition of universities, government agencies and private companies, in making Texas’ bid for the testing site.⁵⁶ The Texas Alliance consists of the University of Houston’s Cullen College of Engineering, the University of Texas at Austin, Texas A&M University, Texas Tech University, West Texas A&M University, Montana State University, Stanford University, New Mexico State University, Old Dominion University, the Texas General Land Office, the Texas State Energy Conservation Office, the Texas Workforce Commission, BP, Dow, Huntsman and Shell Wind.⁵⁷

Both the Texas and Massachusetts sites will receive \$2 million from DOE’s National Renewable Energy Laboratory (NREL). The public and private sectors will cover the remaining costs. In Texas, BP has donated 22 acres of land for the project site as well as \$250,000 toward facility construction costs. The Texas Legislature has pledged \$5 million for construction. Total project costs for the Texas facility at Ingleside are estimated at \$24 million.⁵⁸

The wind blade testing facility is expected to create about six to 10 permanent jobs. Local officials say the primary economic benefit to the area will come from related businesses — construction, blade and turbine manufacturing and distribution — the testing site is expected to attract. Port of Corpus Christi officials are hopeful that the new facility will “bring name recognition to the area, and it will become a center of wind energy.”⁵⁹



Air Quality

The Texas Commission on Environmental Quality (TCEQ) monitors the Air Quality Index (AQI) for Corpus Christi, Brownsville-Harlingen-San Benito, McAllen-Edinburg-Mission and Laredo on a daily basis. According to TCEQ, the AQI scores for these areas typically fall in the “good” range and occasionally the “moderate” range, with the critical monitored pollutants being ozone or small particulate matter. The South Texas areas have better air quality than many of the other major urban areas around the state, which more often see AQIs in the “moderate” range, and even the “Unhealthy for sensitive groups” range.

applies only to investor-owned utilities within the ERCOT region. Utilities owned by cities and rural cooperatives, also known as “non-opt-in entities” (NOIEs) are not required to join the deregulated market, although they may choose to. To date only one cooperative in the state—Nueces Electric Cooperative located in Nueces County—has opted to participate in the competitive market, while no municipal utilities have chosen to do so.

Exhibit 44 shows municipally owned utilities and member-owned cooperatives in the South Texas region.

Residential electricity rates charged by municipally owned utilities and member-owned cooperatives in the region ranged from 10.7 cents to 13.0 cents per kilowatt hour (kWh) for residential electricity service in May 2008.⁶⁰

Up to 40 private companies provide retail electric service to customers in the deregulated areas of the region, including the cities of Laredo and Corpus Christi and parts of Webb, Nueces, Kleberg, Brooks, Duval, Zapata and Val Verde counties. The residential price per kWh, based on a 1,000 kWh per month service plan, ranges from 15.6 cents to 24.5 cents in these areas.⁶¹

The region uses a number of fuel sources to generate electricity. ERCOT reports that in 2007, the majority of its electricity was generated from coal and natural gas (**Exhibit 45**).⁶²

Transportation

Transportation is essential to the economic health and prosperity of the South Texas region. The region’s roads are one of the primary ways of moving goods and materials from its seaports, inland ports, border crossings and agricultural centers to urban markets inside

Exhibit 44

Municipally Owned Utilities and Member-Owned Cooperatives, South Texas Region

Entity Name	Service Area
Brownsville Public Utilities Board	City of Brownsville
Central Texas Electric Cooperative	Edwards and Real counties
Magic Valley Electric Cooperative	Cameron, Hidalgo, Kenedy, Starr and Willacy counties
Medina Electric Cooperative	Brooks, Dimmit, Duval, Edwards, Jim Hogg, La Salle, McMullen, Real, Starr, Uvalde, Webb, Zapata and Zavala counties
Rio Grande Electric Cooperative	Dimmit, Edwards, Kinney, Maverick, Uvalde, Val Verde, Webb and Zavala counties
Robstown Utility System	City of Robstown
San Patricio Electric Cooperative	Aransas, Bee, Jim Wells, Live Oak, McMullen, Nueces, Refugio and San Patricio counties

Sources: Public Utility Commission of Texas and Texas Electric Cooperatives.



the state and elsewhere. Its road network is vast, and roadway concerns and spending tend to center on a select few roads, including:

- Interstate Highway 37, running north from Corpus Christi through Nueces and Live Oak counties toward San Antonio;
- Interstate Highway 35, running northeast from Laredo through Webb and La Salle counties toward San Antonio;
- U.S. Highway 77, running north and then east from Brownsville through Cameron, Willacy, Kenedy, Kleberg, Nueces, San Patricio and Refugio counties toward Victoria;
- U.S. Highway 59, running northeast from Laredo through Webb, Duval, Live Oak and Bee counties;
- U.S. Highway 281, running north from McAllen through Hidalgo, Brooks, Jim Wells and Live Oak counties toward San Antonio; and
- U.S. Highway 83, running south from Laredo, parallel to the border, through Webb, Zapata, Starr, Hidalgo, Willacy and Cameron counties to Brownsville.⁶³

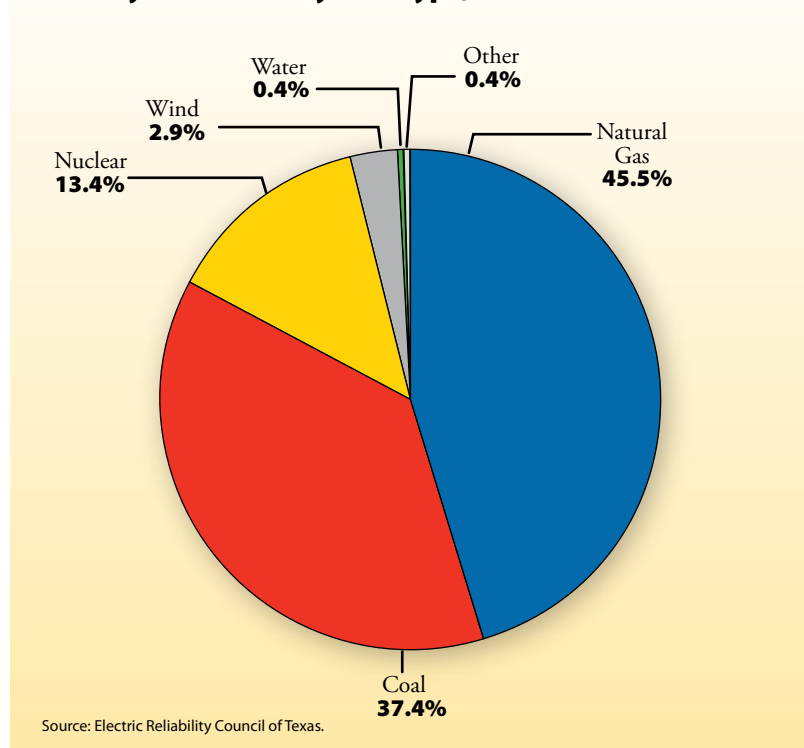
Highways

The Texas Department of Transportation (TxDOT) builds and maintains the Texas state highway system through local offices and contractors located around the state. The South Texas region is served by four TxDOT district offices in Corpus Christi, Laredo, Pharr and San Antonio.

The South Texas region has 7,768 centerline miles (miles traveled in a single direction regardless of the number of lanes) and 18,515 total lane miles of state highways.

Exhibit 45

Electric Reliability Council of Texas, Electricity Generated by Fuel Type, 2007



The region has about 1.5 million registered vehicles that travel more than 39.2 million miles daily. The state as a whole contains 79,696 centerline miles, 190,764 total lane miles and more than 20 million registered vehicles that travel more than 477.7 million miles each day (**Exhibit 46**).⁶⁴

Road construction, engineering and maintenance for state, local and private sources accounted for about 10,000 jobs and more than \$379 million in earnings in 2006 for workers in the South Texas region.⁶⁵

Trade Corridors

The South Texas region contains 19 of the state's 26 international border crossings

The South Texas region contains 19 of the state's 26 international border crossings with Mexico and five of the state's 16 seaports.



Exhibit 46

**Highway Miles, Vehicle Miles Driven and Registered Vehicles,
South Texas Region, 2006**

County Name	Centerline Miles	Lane Miles	Daily Vehicle Miles	Registered Vehicles
Aransas	84	205	489,180	22,801
Bee	292	643	697,615	20,696
Brooks	121	317	623,243	6,044
Cameron	642	1,644	5,597,186	238,765
Dimmit	250	507	322,892	7,813
Duval	312	630	459,629	10,775
Edwards	239	499	101,996	2,827
Hidalgo	794	2,158	9,616,246	415,187
Jim Hogg	143	288	201,238	4,947
Jim Wells	273	715	1,406,235	35,984
Kenedy	47	188	415,211	782
Kinney	203	407	197,391	3,106
Kleberg	149	369	916,496	27,308
La Salle	278	649	657,941	5,060
Live Oak	419	995	1,256,779	12,147
Maverick	218	488	695,846	32,276
McMullen	158	317	125,664	2,337
Nueces	516	1,474	6,069,385	261,282
Real	148	296	110,555	3,743
Refugio	194	465	862,011	7,351
San Patricio	364	945	2,235,261	60,223
Starr	233	494	1,078,313	37,413
Uvalde	338	729	727,197	23,754
Val Verde	312	713	499,653	40,137
Webb	435	1,110	2,704,467	144,165
Willacy	221	479	440,721	13,601
Zapata	119	248	390,486	9,861
Zavala	266	543	313,890	7,259
South Texas Total	7,768	18,515	39,212,727	1,457,644
Statewide Total	79,696	190,764	477,769,968	20,084,036

Source: Texas Department of Transportation.

In 2003, TxDOT estimated that Texas highways carried \$196 billion in NAFTA trade, 83 percent of all truck trade value between U.S. and Mexico and 10 percent of the value of all U.S. international trade.

with Mexico and five of the state's 16 major seaports. The implementation of the North American Free Trade Agreement (NAFTA) in 1994 caused the traffic at these border

crossings to increase dramatically. According to the TxDOT, trade between the U.S. and Mexico increased by 90 percent between 1994 and 2001 reaching \$260 billion in 2001.⁶⁶



Additionally, the increased trade created by NAFTA has fostered more north-south traffic, placing increasing demands on the domestic rail and highway system, which was initially developed for east-west trade. Furthermore, the transportation network has not increased at the same rate of growth as travel and commerce. For example, from 1990 to 2003 the number of lane miles of public road increased by 4 percent and the number of total vehicle miles traveled (VMT) increase by 52.8 percent.⁶⁷ In 2003, TxDOT estimated that Texas highways carried \$196 billion in NAFTA trade, 83 percent of all truck trade value between U.S. and Mexico and 10 percent of the value of all U.S. international trade. Furthermore, TxDOT estimates that medium to heavy truck VMT, miles traveled by trucks weighing 10,000 pounds or more, will increase by 330 percent by 2030.⁶⁸

The border crossings in South Texas are where much of this traffic begins. The World Trade Crossing in Laredo is the most important truck crossing on the U.S. – Mexican border.⁶⁹ Texas border crossings handle approximately 70 percent of all surface trade between the U.S. and Mexico; 85 percent of this trade is moved by truck with the World Trade Crossing in Laredo handling over 60 percent of that truck traffic. The bridge receives a consistently high volume of truck traffic throughout the day. Annually, about 1.3 million trucks travel southbound through this border crossing, while about 1.1 million trucks travel northbound.⁷⁰ Up to 90 percent of the truck traffic at the World Trade Crossing consists of short distance shipments between warehouses in Laredo and Nuevo Laredo, Mexico. Typically, a long distance truck in either Mexico

or the U.S. unloads its cargo at a warehouse where it is transferred to a short haul truck for the trip across the border.⁷¹

While the implementation of NAFTA has brought more people, trade and economic development to the South Texas region it has also brought more traffic congestion issues to the region. To alleviate traffic congestion, promote economic development and better connect the region's agricultural, trade and economic centers with markets throughout the state and nation, TxDOT is developing three "trade corridors," or special transportation routes designed to make truck traffic more efficient. These include the Ports-To-Plains Trade Corridor, the Trans-Texas Corridor 35 (TTC-35) and the I-69/Trans-Texas Corridor (**Exhibit 47**).

Ports-To-Plains

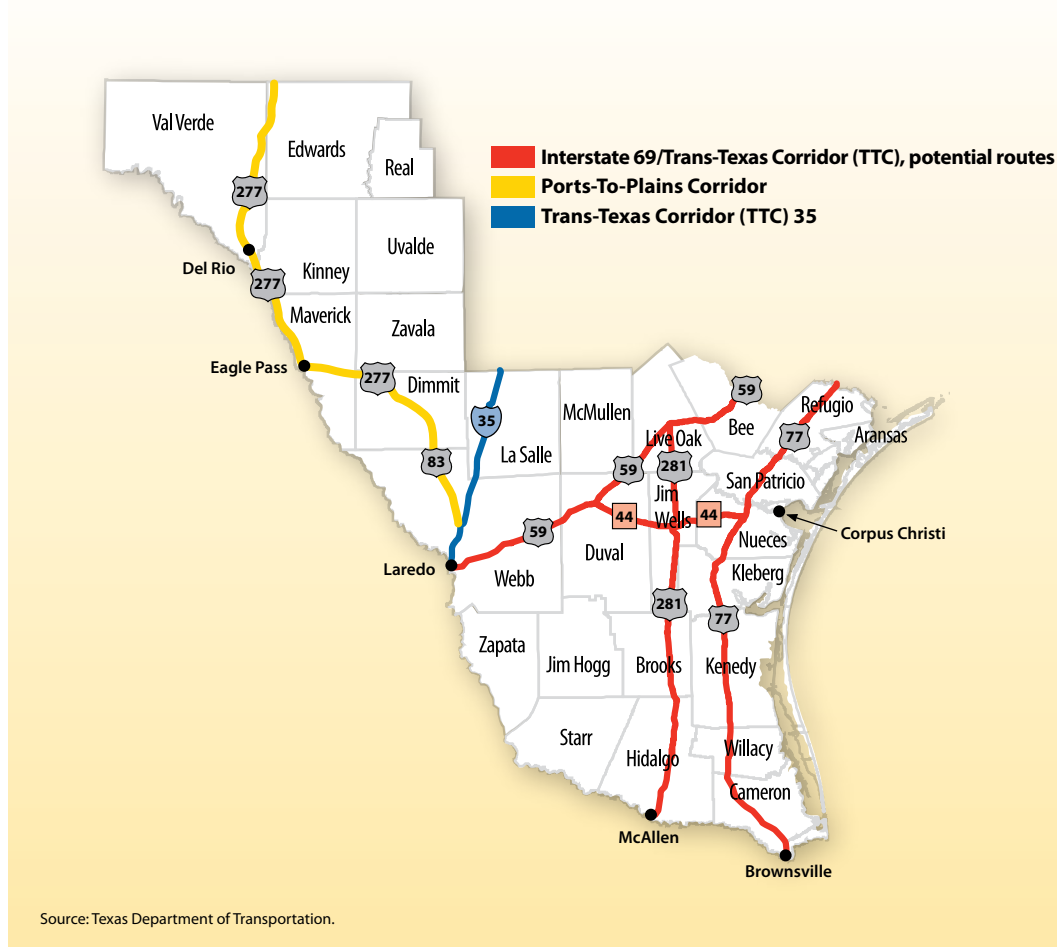
The Ports-To-Plains trade corridor is a multi-state effort to connect the inland "port" of Laredo to Denver and various locations in the Great Plains. The Ports-To-Plains Trade Corridor is different from other trade corridors proposed in Texas and elsewhere in that it probably would not be tolled nor involve the construction of any new roads, but instead would improve and expand existing roads and rights of way.⁷² In the South Texas region, the corridor will run on U.S. Highway 83 north from Laredo to U.S. 277 west to Eagle Pass, then will follow U.S. 277 north through Del Rio toward San Angelo. In South Texas, the corridor will go through Webb, Dimmit, Maverick, Kinney, Val Verde and Edwards counties.⁷³

According to a 2004 Corridor Development Management Plan prepared jointly by

Texas border crossings handle approximately 70 percent of all surface trade between the U.S. and Mexico; 85 percent of this trade is moved by truck with the World Trade Crossing in Laredo handling over 60 percent of that truck traffic.



Exhibit 47

South Texas Trade Corridors

TxDOT and the transportation departments of Colorado, New Mexico and Oklahoma, the Ports-To-Plains Trade Corridor could generate 43,000 new jobs with a total income of \$4.5 billion in communities along the corridor from 2006 through 2030. The report estimated that Texas could see about 17,000 new jobs in manufacturing and transportation/warehousing by 2030 due to the corridor. These new jobs, along with increased tourism in the area, would generate just under \$2.2 billion in positive economic impact in Texas.⁷⁴

Trans-Texas Corridor 35

TTC-35 will be a multi-use trade corridor incorporating existing and new highways, railways and utilities, and connecting Laredo with markets in central and north Texas and throughout the nation.⁷⁵ In the South Texas region, TTC-35 will run parallel to Interstate 35, northwest from Laredo toward San Antonio and then further north following I-35 to Oklahoma. TTC-35 will run through Webb and La Salle counties in the South Texas region.⁷⁶ Plans call for TTC-35 to be built over the next 50 years and to include:



- lanes for passenger vehicles and trucks;
- railways;
- commuter railways; and
- infrastructure for utilities (water, oil and gas, and transmission lines for electricity).⁷⁷

TxDOT proposes to use state, federal and private (toll) dollars to construct TTC-35. In some areas of the state, TxDOT estimates that the corridor will require significant amounts of rights of way (land) to be acquired from landowners. This is expected to have only limited effects on South Texas land owners, however, because there are enough existing rights of way on either side of Interstate 35 to accomplish most of the additional building proposed for TTC-35.⁷⁸

Interstate 69/Trans-Texas Corridor

I-69/TTC would be another multi-use corridor improving and expanding existing highways to connect the trade areas of Laredo, McAllen and Brownsville to markets in east and northeast Texas and throughout the nation. First proposed back in the early 1990s, Interstate 69 or “Super Highway 69” was initially envisioned as a multi-state trade corridor linking the trade areas of South Texas and Houston with markets in Chicago, Illinois.⁷⁹

The exact route for I-69/TTC has not yet been identified but TxDOT has recommended using existing highway facilities where possible. Potential routes include:

- U.S. 59 going northeast from Laredo toward Victoria and then on to Houston;
- U.S. 281 north from McAllen to U.S. 59 and then east to Victoria and Houston; and
- U.S. 77 north from Brownsville to Victoria and then U.S. 59 east to Houston.⁸⁰

As with TTC-35, TxDOT plans on using state, federal and private toll dollars to build I-69/TTC. At this time, the need for additional rights of way from landowners has not yet been established.⁸¹ Depending on I-69/TTC’s actual route, parts of Aransas, Bee, Brooks, Cameron, Duval, Hidalgo, Kleberg, Kenedy, Jim Wells, Live Oak, McMullen, Nueces, Refugio, San Patricio, Webb and Willacy counties could be affected by the corridor.⁸²

Public Transportation

Numerous entities provide public transportation and special transit services in the South Texas region (**Exhibit 48**).⁸³

Railways

Four companies — one local railroad and three switching and terminal railroads (small operations primarily involved in transferring goods between major railroads) — are headquartered in the South Texas region, between them controlling about 150 miles of railway track in the area.⁸⁴ In addition, Union Pacific Railroad Company and the Kansas City Southern Railway operate tracks in the South Texas region; the majority of these railways run along the border with Mexico and the Gulf or connect to San Antonio (**Exhibit 49**).

Railways play an important role in transporting goods and are especially important in the South Texas region due to trade with Mexico. Rail is typically the least-expensive mode of transporting products.⁸⁵ For more

The South Texas region contains nearly 35 public airports, including the commercial airports in Brownsville, Corpus Christi, Harlingen, Laredo and McAllen.



Exhibit 48

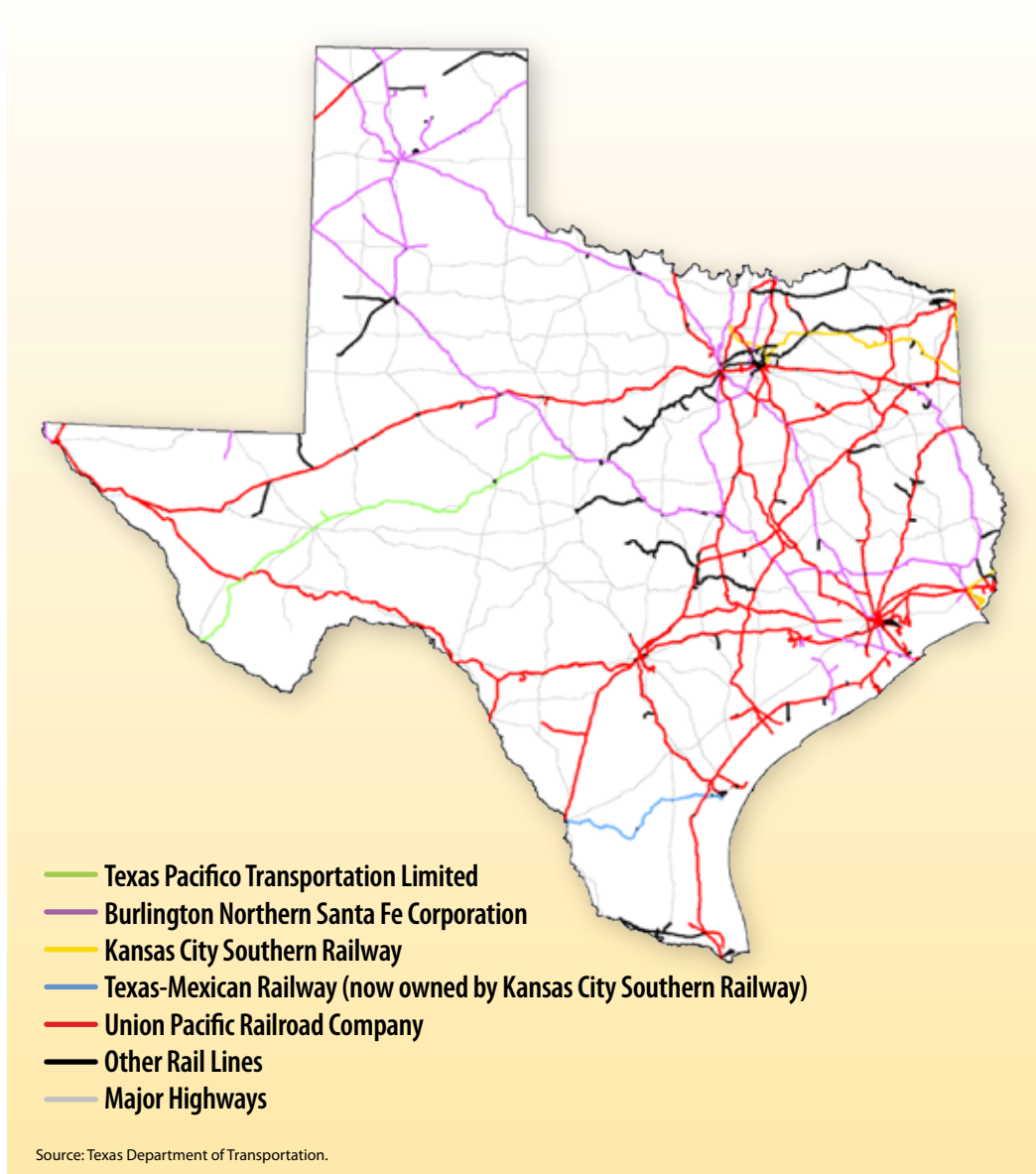
Public Transportation Resources, South Texas Region

County Name	City Name	Public Transit Authorities
Aransas	Beeville	Bee Transit (Beeville Community Action Agency Public Transportation)
Aransas	Port Aransas	TxDOT (Texas Department of Transportation)
Bee	Beeville	Bee Transit
Brooks	Alice	REAL (Rural Economic Assistance League)
Cameron	Brownsville	BUS (Brownsville Urban System)
Cameron	Harlingen	Rio Transit (Lower Rio Grande Valley Development Center Council, LRGVDC)
Cameron	Port Isabel	City of Port Isabel
Cameron	South Padre Island	The Wave (Town of South Padre Island)
Dimmit	Uvalde	CCST (Community Council of Southwest Texas)
Duval	Rio Grande City	Rainbow Lines (Community Action Council of South Texas, CACST)
Edwards	Uvalde	CCST
Hidalgo	McAllen	Rio Transit
Jim Hogg	Hebbronville	Jim Hogg County (JHC)
Jim Hogg	Rio Grande City	Rainbow Lines
Jim Wells	Alice	REAL
Kenedy	Kingsville	Paisano Express (Kleberg County Human Services, KCHS)
Kinney	Uvalde	CCST
Kleberg	Kingsville	Paisano Express
La Salle	Uvalde	CCST
Live Oak	Beeville	Bee Transit
Maverick	Uvalde	CCST
McMullen	Beeville	Bee Transit
Nueces	Alice	REAL
Nueces	Corpus Christi	ADART (Autonomous Dial-a-Ride Transit) and The B (Corpus Christi Regional Transportation Authority, CCRTA)
Real	Uvalde	CCST
Refugio	Beeville	Bee Transit
San Patricio	Corpus Christi	The B
San Patricio	Portland	City of Portland
San Patricio	Sinton	SPARTS (San Patricio County Community Action Agency)
Starr	Rio Grande City	Rainbow Lines
Uvalde	Uvalde	CCST
Val Verde	Del Rio	MIT (City of Del Rio Mobility Impaired Transportation)
Webb	Laredo	El Metro (Laredo Municipal Transit System, LMTS) and EART (Webb Community Action Agency, El Aguila Rural Transportation)
Willacy	McAllen	Rio Transit
Zapata	Rio Grande City	Rainbow Lines
Zapata	Zapata	Zapata County (ZC)
Zavala	Uvalde	CCST

Source: American Public Transportation Association.



Exhibit 49

Texas Rail Lines and Major Highways

information on railways and how they impact the economy of South Texas, see the Industry Profile on Ports and International Trade.

Airports

The South Texas region contains nearly 35 public airports, including the commercial

airports in Brownsville, Corpus Christi, Harlingen, Laredo and McAllen.⁸⁶

Harlingen Valley International Airport is the region's busiest, with 431,365 passenger boardings in 2006, up by just 0.46 percent from 429,396 boardings in 2005.⁸⁷ This airport is served by Continental Airlines, Southwest Airlines and Sun Country.⁸⁸



Helicopter Retrofitting in Beeville

Sikorsky Aircraft Corp. relocated from Florida to Beeville in August 2007. The facility has two 90,000 square-foot hangars and employs 70 people, with more employees expected in the near future. Workers refurbish and upgrade helicopters for military customers and repair helicopters after crashes.⁸⁹ The Bee Development Authority received a \$400,000 Defense Economic Adjustment Assistance Grant from the Governor's Office to build a facility for the Sikorsky plant. This grant should spur the creation of 60 jobs in the area.⁹⁰

Corpus Christi International Airport is the region's second busiest, with 429,394 boardings in 2006, up by 3 percent from 2005's 417,022 boardings.⁹¹ This airport is served by American Eagle, Continental Express, and Southwest Airlines.⁹²

McAllen Miller International had 396,157 boardings; Laredo International had 97,331; and Brownsville/South Padre Island International had 90,580 boardings in 2006.⁹³

Endnotes

- ¹ Texas Water Development Board, "Historical Water Use Information," <http://www.twdb.state.tx.us/wushistorical/DesktopDefault.aspx?PageID=1>. (Last visited June 17, 2008.) Custom query created.
- ² Texas State Historical Association, *Handbook of Texas Online*, "Nueces River," <http://www.tshaonline.org/handbook/online/articles/NN/rnn15.html>. (Last visited June 27, 2008.)
- ³ Texas Water Development Board, *Water for Texas, 2007, Volume II* (Austin, Texas, 2007), pp. 132 and 135.
- ⁴ Data provided by the Texas Water Development Board on October 12, 2007.
- ⁵ Texas Water Development Board, *Water for Texas 2007, Volume II*, pp. 67, 79, 85, 91 and data provided by the Texas Water Development Board on March 3, 2007.
- ⁶ U.S. Department of the Interior, National Park Service, "Amistad National Recreation Area," <http://www.nps.gov/amis>. (Last visited June 27, 2008.)
- ⁷ International Boundary and Water Commission, *2004 Annual Report*, p. 3, http://www.ibwc.state.gov/Files/2004_report_2.pdf. (Last visited June 27, 2008.)
- ⁸ Texas Water Development Board, "Reservoir Summary Report," <http://wiid.twdb.state.tx.us/ims/resinfo/BushButton/lakeStatus.asp?selcat=0>. (Last visited June 18, 2008.)
- ⁹ International Boundary and Water Commission, "The International Boundary and Water Commission: Its Mission, Organization and Procedures for Solution of Boundary and Water Problems," http://www.ibwc.state.gov/About_Us/About_Us.html; and Texas State Historical Association, *Handbook of Texas Online*, "Fort Quitman," <http://www.tshaonline.org/handbook/online/articles/FF/qbf40.html>. (Last visited June 30, 2008.)
- ¹⁰ Data provided by the Texas Water Development Board, October 12, 2007.
- ¹¹ Texas Water Development Board, *Water for Texas, 2007, Volume II*, pp. 193, 195, 197, 199, 209, 213 and 217.
- ¹² Texas Water Development Board, *Water for Texas, 2007, Volume II*, pp. 270, 273. Brownsville is in Region M; Corpus Christi is in Region N.
- ¹³ Texas Water Development Board, *A Desalination Database for Texas*, prepared by the Bureau of Economic Geology (Austin, Texas, October 2005; revised October 2006), p. 6.
- ¹⁴ Texas Water Development Board, *Water for Texas, 2007, Volume II*, p. 270.
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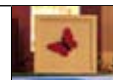


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Health Care

Health care is a vital part of the South Texas economy in metropolitan areas, and a growing industry. Health care employment in the region is increasing rapidly and the Texas Workforce Commission (TWC) expects strong employment growth in the health care industry to continue.¹ The region, however, faces a number of challenging issues in providing health care to its residents. Limited access to health care facilities and providers, high rates of the uninsured and a higher-than-average prevalence of chronic diseases such as

diabetes pose difficult and expensive challenges for South Texas businesses, their employees and state and local governments.

South Texas counties and organizations, however, have been innovative in working with the state and federal governments to develop solutions for health care challenges. Colleges and universities have established research programs and health care professions training and educational opportunities. Both for-profit and nonprofit organizations have established new service sites, such as the new Valley Baptist Medical Center-Brownsville psychiatric center and one of Texas' newest federal health clinics, the Amistad Community Health Center in Corpus Christi.

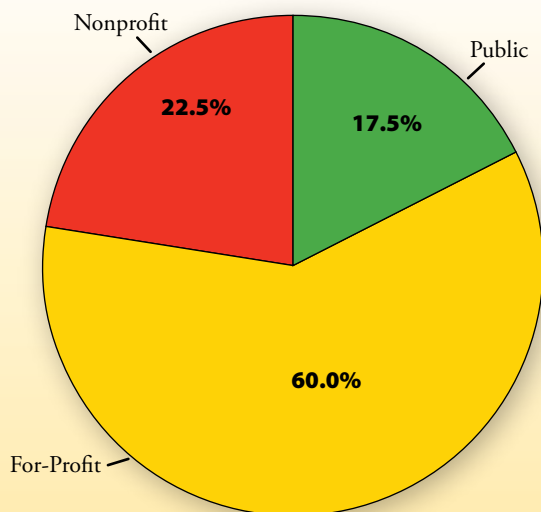
Health care employment in the region is increasing rapidly and the Texas Workforce Commission (TWC) expects strong employment growth in the health care industry to continue.



Edinburg Children's Hospital

PHOTO: HKS Architecture

Exhibit 50

South Texas Hospital Ownership, 2007

Source: Texas Department of State Health Services.

Health Care Infrastructure

Hospitals are key factors in any state's health care infrastructure. They provide a central point for advanced medical services; encourage the growth of affiliated medical services in surrounding areas; and may even be a major employer in some areas. Valley Baptist Medical Center, for instance, is one of the ten largest employers in the Brownsville-Harlingen metro area, as are CHRISTUS

Spohn Health System and Driscoll Children's Hospital in Corpus Christi.²

The South Texas region is home to 24 for-profit hospitals, 9 nonprofit hospitals and seven public hospitals (**Exhibit 50**).³ Of the 40 hospitals, 7 are in Corpus Christi; Laredo, Brownsville, McAllen and Harlingen each have four; Edinburg has three; and the remaining 14 are in smaller communities.⁴

The region's largest hospital is CHRISTUS Spohn Hospital in Corpus Christi with 1,049 beds. McAllen and Harlingen had the next largest hospitals in the South Texas region. In 2007, the region's hospitals had a total 6,721 staffed beds.⁵

The South Texas region also has six hospital districts (**Exhibit 51**).⁶ Hospital districts established under Texas law have the authority to levy taxes in their districts for the support of health care and hospital services.

Fourteen of the 28 South Texas counties have no hospitals (**Exhibit 52**).⁷ Some residents must travel longer distances to reach hospitals, and this is especially critical in emergency situations.

Veterans' Health Care

South Texas does not have a Veterans' Affairs (VA) hospital. The closest VA hospital is in San Antonio, a long drive for many veterans. In 2007, a comprehensive consultant's study by Booz Allen Hamilton on South Texas veterans' health care needs revealed the region's need for a specialty-care outpatient care center for veterans, but did not recommend the construction of a hospital. The study found that about 98 percent of South Texas veterans traveling to the VA hospital in San Antonio sought specialty care rather

Exhibit 51

South Texas Region Hospital Districts

Maverick County Hospital District
Nueces County Hospital District
Refugio County Memorial Hospital District
Starr County Memorial Hospital District
Val Verde County Hospital District
Willacy County Hospital District

Source: Texas Department of State Health Services.

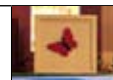
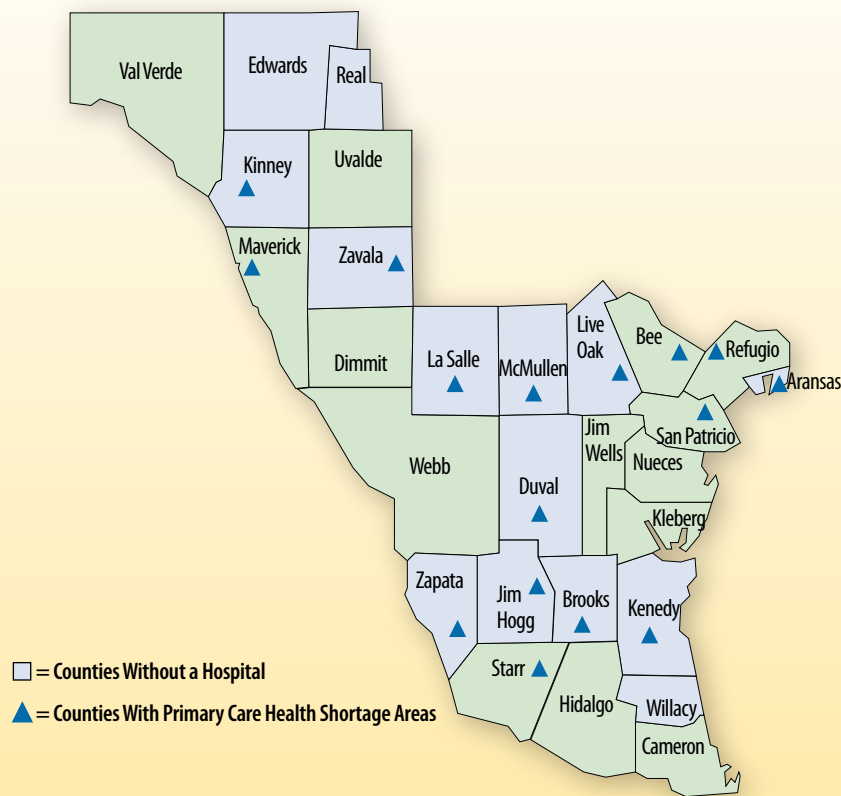


Exhibit 52

South Texas Counties Without a Hospital and Primary Care Health Professional Shortage Areas, 2007


Source: Texas Department of State Health Services.

The U.S. Department of Veterans Affairs recommended the construction of a 158,000-square-foot VA Health Care Center in Harlingen devoted to specialty outpatient services.

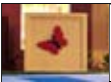
than inpatient hospital treatment. The study also found that the Rio Grande Valley has about 45,000 veterans, with about 15,000 enrolled for VA benefits.⁸

Based on this study, the U.S. Department of Veterans Affairs recommended the construction of a 158,000-square-foot VA Health Care Center in Harlingen devoted to specialty outpatient services such as cardiology, radiology, oncology, ophthalmology, psychiatry, physical therapy, dental care, audiology, podiatry, laboratory services and outpatient surgery.

The first phase in the long-term expansion of the Harlingen VA Health Care Center, a

34,000-square-foot facility, was completed in December 2007. This first phase provides new services such as mental health treatment, podiatry and computerized tomography. The second phase in the expansion is scheduled to add 21,000 square feet by December 2008 and offer new services such as cardiology, cancer treatment and neurology. The third phase will add another 102,000 square feet by December 2010, for a total of 158,000 square feet. This final phase will add outpatient surgical services.

According to Larry Alva, the center's administrative officer, the expansion of the



Harlingen VA Health Care Center not only helps the region's veterans, but will also have a positive economic impact on the city, bringing high-paying medical professional jobs as well as hotel stays, restaurant visits and shopping by veterans and their families traveling to the city for health care.⁹

Psychiatric Care

The Texas Department of State Health Services (DSHS) operates the Rio Grande State Center/South Texas Health Care System (RGSC/STHCS), which includes a 55-bed inpatient psychiatric hospital and a 77-bed long-term residential facility for people with mental retardation. RGSC/STHCS is the only public provider of inpatient mental health services and long-term mental retardation services south of San Antonio. In addition, it offers an outpatient clinic providing primary health care services to residents of Cameron, Hidalgo, Willacy and Starr counties.¹⁰

The Valley Baptist Medical Center in Brownsville recently opened a 37-bed psychiatric facility with two full-time psychiatrists, and will offer an outpatient psychiatric clinic. Before the clinic's opening, Cameron County had only two psychiatrists, and neither practiced in Brownsville. Even Brownsville Independent School District transported children in need of mental health care to Hidalgo County, incurring additional expense in order to get essential care for children. The new clinic is the result of the work of the Cameron County mental health task force, formed in 2007 when mental health care reached a critical point, and Valley Baptist Medical Center.¹¹

The region is scheduled to receive additional mental health care services, courtesy of state aid from DSHS. Tropical Texas Behavioral Health, which provides mental health, mental retardation and substance abuse services for residents of Cameron, Hidalgo and Willacy counties, received \$1.3 million to obtain services from local private mental health care providers.

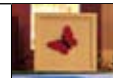
The additional money will allow patients to stay in the area and receive inpatient services, rather than being transported by police or constables to other public providers in the state. The center previously had transported about 400 patients a year to other facilities. The new funding is on top of \$1.7 million in state money the center had received earlier this year to expand its crisis services.¹²

Health Care Employment

In the larger South Texas metropolitan areas — McAllen-Edinburgh-Mission, Corpus Christi, Laredo and Brownsville-Harlingen — health care is a vital and growing industry. The Federal Reserve Bank of Dallas reports that since 2000, the share of local employment represented by health care jobs has risen faster than the state average in every border metro area in the South Texas region.

South Texas' rapid population growth is the main factor boosting health care employment in the region, according to the Federal Reserve Bank of Dallas. While Texas' population grew by 38 percent between 1990 and 2006, McAllen's population rose by 83 percent, Laredo's by 74 percent and Brownsville's by 49 percent.¹³ Another factor contributing to the growth of the health care industry in South Texas is the large share of residents eligible for govern-

Since 2000, the share of local employment represented by health care jobs has risen faster than the state average in every border metro area in the South Texas region.



ment health care programs. In addition, area residents may no longer have to travel to other areas of the state for medical procedures that are now available in the border area.

In 2006, health care jobs accounted for 22 percent of employment in Brownsville, 21 percent in McAllen and 14 percent in Laredo, compared to just 12 percent in the state as a whole.¹⁴ According to the Texas Workforce Commission (TWC), health care firms are among the top private sector employers in each metropolitan area of South Texas. For McAllen-Edinburgh-Mission, health care firms comprise seven of the area's ten largest private employers; six of the Brownsville-Harlingen area's top private employers are health care providers.¹⁵

TWC forecasts strong employment growth in the South Texas health care industry through 2014. It estimates that high-skill health care employment in the Lower Rio Grande Valley will increase by 46 percent between 2004 and 2014, compared to just 34 percent statewide. Health care-related support employment is expected to grow even faster, by 51 percent, compared to 40 percent for the state as a whole.¹⁶

Health Professional Shortage Areas

The increasing number of health care workers in South Texas is still not enough to meet the needs of a rapidly growing population. The U.S. Department of Health and Human Services has designated 16 of the region's 28 counties as having a shortage of primary health care providers — primary care doctors, dentists and mental health professionals (**Exhibit 52**).¹⁷

Primary care doctors are in short supply in more than half of South Texas' counties. Primary care practitioners include doctors of medicine (M.D.) and doctors of osteopathy (D.O.) who provide direct care in general or family practice, general internal medicine, pediatrics, and obstetrics and gynecology. Primary care physicians' offices and clinics are usually the first stop for people seeking medical care.

Med/Ed Program

Texas universities have worked to provide the region with additional medical care and to help educate local residents, who are more likely to return to the area to start their practice. The University of Texas Health Sciences Center at San Antonio operates Med/Ed, a program that helps recruit South Texas high school students into health science programs and provides them with academic enrichment — workshops and a Summer Preparatory Academy to improve writing, math, science and study skills — and community service opportunities, as well as opportunities for finding mentors in the health fields.¹⁸

A South Texas doctor, Dr. Mario E. Ramirez, is credited with developing the Med/Ed Program. In 1996, as vice president for South Texas/Border Initiatives (STBI), he received approval from the University of Texas Health Science Center at San Antonio to fund the Med/Ed program.¹⁹

Med/Ed currently has offices in McAllen and Laredo. The program is a collaborative effort with area high school counselors and teachers. High school students interested in pursuing a career in health care can apply to participate in program activities at night, on the weekends and in the summer. As of April 2007, over 2,000 students in the Lower Rio Grande Valley and Laredo have gone through the program. More than 100 Med/Ed alumni are pursuing studies in a health care field and are employed as doctors, nurses, dentists and allied health professionals.²⁰

With its growing population, more healthcare professionals are needed in South Texas. The Med/Ed program plays an important role in encouraging area high school students to consider a profession in health care. For more information, please visit www.uthscsa.edu/meded/index.html.

Three South Texas counties — Kenedy, McMullen and Real counties — had no practicing direct care physicians as of August 2007.²¹ Families seeking medical care must travel to other counties, often many miles away.

Health Insurance

South Texas' metropolitan areas have the highest uninsured rates of all metropolitan areas in Texas. Laredo had the highest metro uninsured rate in the entire state, with a three-year average of 36 percent uninsured (2001-2003), followed by Brownsville-Harlingen with 32.4 percent, Corpus Christi with 28.3 percent and McAllen-Edinburg-Mission with 27.8 percent. Only El Paso's uninsured rate exceeded Brownsville-Harlingen, Corpus Christi, and McAllen-Edinburg-Mission. The statewide average rate was 24.7 percent.²²

Determining the rate of uninsured in individual counties is difficult because the surveys undertaken to measure such rates often include a small sample size at the county level. The U.S. Census Bureau, however, created county-level estimates for the uninsured in 2000. Based on these estimates, South Texas counties have rates of uninsured as high as 37.8 percent in Starr County; 37 percent in Zavala County; and 36.3 percent in Maverick County. Eleven South Texas counties had uninsured rates below the state's three year average of 24.7 percent, with the lowest rate held by Live Oak County at 18.2 percent, making it the only county with fewer than 20 percent of its residents uninsured in all of South Texas.²³

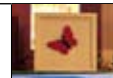
Due to the large number of uninsured, many communities in the region are exploring ways to provide health care to persons without insurance. Nueces County, with

an uninsured rate of about 24.9 percent, was selected to participate in Health Access America, a program that holds enrollment seminars, health fairs and other events to help the uninsured enroll in public and private insurance programs. The two-year campaign will end this summer.²⁴

Also in Corpus Christi, the Amistad Community Health Center began providing medical services in April 2008. The Center is a federally funded health center that provides care on a sliding scale based on family income. Instead of going to the Christus Spohn Hospital Memorial emergency room, uninsured patients can schedule appointments at the center for medical care.²⁵

Laredo's Gateway Community Health Center, another federally funded health clinic, includes two primary clinics and other rotating clinic sites that provide medical care including pharmacy services, x-rays and laboratory tests; preventive and restorative dental care for children; and other preventive services such as immunizations, diabetes awareness and education programs, cancer screening programs, and worksite wellness. Gateway opened a new \$11 million, three-story facility in August 2006 to meet the growing demand for its services.²⁶

At the state level, the Texas House of Representatives has a special interim study looking at some of the difficulties in purchasing health insurance, and the Texas Senate Finance Committee is directed to evaluate the effectiveness of state tax incentives encouraging employers to provide health coverage to their employees and make recommendations for additional deductions or credits that would increase the number of employees covered by health care insurance. The Senate's Health and



Human Services Committee was also given the assignment to report on existing Medicaid legislation that is intended to cover more uninsured in Texas with market-based plans or premium assistance for employer health plans. The Senate's State Affairs Committee is also looking at insurance issues.²⁷

Infectious Diseases

South Texas has a greater incidence of infectious diseases such as tuberculosis, listeriosis and dengue fever than other parts of the state. The border area, with large population centers and multiple border crossings, make the prevalence of tuberculosis (TB) higher than in other regions of the state or the country.²⁸

TB is an airborne communicable disease caused by bacteria that is spread from person to person. The symptoms of TB are fever, night sweats, coughing, chest pains and weight loss.²⁹

South Texas had a higher rate of active TB disease during 2001-05, 8.6 persons per 100,000 population, than the rest of the state.³⁰ Of the 13 Texas counties with the highest incidence of TB, seven are located in South Texas. These counties have more than twice the state average rate of TB.³¹ Webb County alone had a TB rate of 19 persons per 100,000 population in 2001-2005.³² Selected urban or border local health departments offer TB screening for high-risk populations.³³

In an effort to address the high incidence of TB along the Texas-Mexico border, the *Grupo Sin Fronteras* TB Binational Project was established in 1995 by the commissioners of health for Texas and the Mexican state of Tamaulipas.³⁴ The program provides medical consultations and education on the transmission,

prevention and treatment of TB. Successes of the program include the identification of high rates of drug-resistant TB in Mexico.³⁵

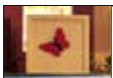
Diabetes and Obesity

The UT Health Science Center study found a higher prevalence of obesity and diabetes in South Texas than in the rest of Texas or the nation. Of the health conditions analyzed in the study, obesity had the most significant impact on the South Texas population, while diabetes ranked second. Between 2002 and 2005, almost 30 percent of adults living in South Texas were obese, compared to about 25 percent in the rest of Texas. Hispanics in South Texas had a slightly higher prevalence of obesity and diabetes than non-Hispanic whites in the area, but a significantly higher prevalence than Hispanics in the rest of Texas.³⁶

Untreated or poorly controlled diabetes can lead to long-term health complications including heart disease, stroke, vascular disease, blindness, kidney disease, nerve damage

Operation Lone Star

For nine years, retired and active military personnel and civilian volunteers have worked together to provide residents of South Texas with free medical care through "Operation Lone Star." This program offers free basic medical and dental checkups, immunizations, health education and referrals to residents of Jim Hogg, Cameron, Hidalgo, Willacy, Starr, Webb and Zapata counties.³⁷ Operation Lone Star is a joint project of the Texas Military Forces, the Texas Health and Human Services Commission and the Texas Department of State Health Services. In addition to the medical care, participants also receive information about other state health care programs, wellness programs and services to assist with substance abuse prevention and disabilities. For more information, please visit www.texasmedicalrangers.com.



A 2001 study by the U.S. Centers for Disease Control and Prevention found that being overweight or obese increases the risk of being diagnosed with diabetes. The good news is that lifestyle changes such as increased physical activity, weight loss and eating healthy foods can prevent or control diabetes.

and amputations. Between 2002 and 2004, diabetes was the sixth-leading cause of death in both Texas and the U.S. Mortality from diabetes is probably higher since it is often listed as a contributing factor rather than as an underlying factor, and thus is not listed as a cause of death.³⁸

Texas hospital inpatient discharge data reveals that South Texas counties have a higher-than-average number of admissions for diabetes long-term complications per 100,000 residents (**Exhibit 53**). In 2005, seven South Texas counties had more than double the statewide average admission rates for long-term complications related to diabetes in comparison to the statewide average of 122 per 100,000 population.³⁹

A 2001 study by the U.S. Centers for Disease Control and Prevention found that being overweight or obese increases the risk of being diagnosed with diabetes.⁴⁰ The good news is that lifestyle changes such as increased physical activity, weight loss and eating healthy foods can prevent or control diabetes.

In the South Texas region, local groups are joining the fight against obesity and diabetes. In Corpus Christi, the Coastal Bend Diabetes Initiative recently funded three such projects. One will help diagnose and treat diabetes and educate uninsured Coastal Bend residents about the disease. A second project award went to the Education Service Center in Region 2 to fund the Healthy Active Early Years Program intended to prevent diabetes and obesity in children. A third award went to the Corpus Christi Parks and Recreation Department, to help it educate children about healthy living at 10 after-school locations. The initiative previously funded the staffing of a diabetes center at Del Mar College and other projects.⁴¹

A pediatric endocrinologist at Driscoll Children's Hospital in Corpus Christi has initiated a South Texas Obesity Project focused on preventing childhood obesity and diabetes.⁴² In addition, a Borderplex Health Council formed by four universities — the University of Texas Health Science Center at San Antonio, the University of Texas-

Texas Fitness Now

In 2007, Texas Comptroller Susan Combs announced the new Texas Fitness Now grant program, aimed at middle school students attending schools where enrollment is at least 75 percent economically disadvantaged. Texas Fitness Now helps teach children the importance of physical activity and fitness.

To be eligible for a Texas Fitness Now grant, a school must ensure that students in grades 6, 7 and/or 8 participate in physical activity for either 30 minutes a day or 225 minutes per two-week period for the entire school year, plus several other physical fitness or administrative requirements.

Texas Fitness Now grants may be used to buy equipment, develop a physical education curriculum and instructional materials or to train teachers to help their students become fit. At least 25 percent of the funds are directed for nutrition education.

Schools in the Brownsville Independent School District and the Eagle Pass Independent School District were among those South Texas school districts that received funding.⁴³ For more information, please visit www.window.state.tx.us/education/txfitness.



Pan American, the University of Texas at Brownsville/Texas Southmost College and the University of Texas Health Science Center at Houston — agreed to invest \$1 million in programs for preventing diabetes and obesity and improving the region's supply of nurses.⁴⁴

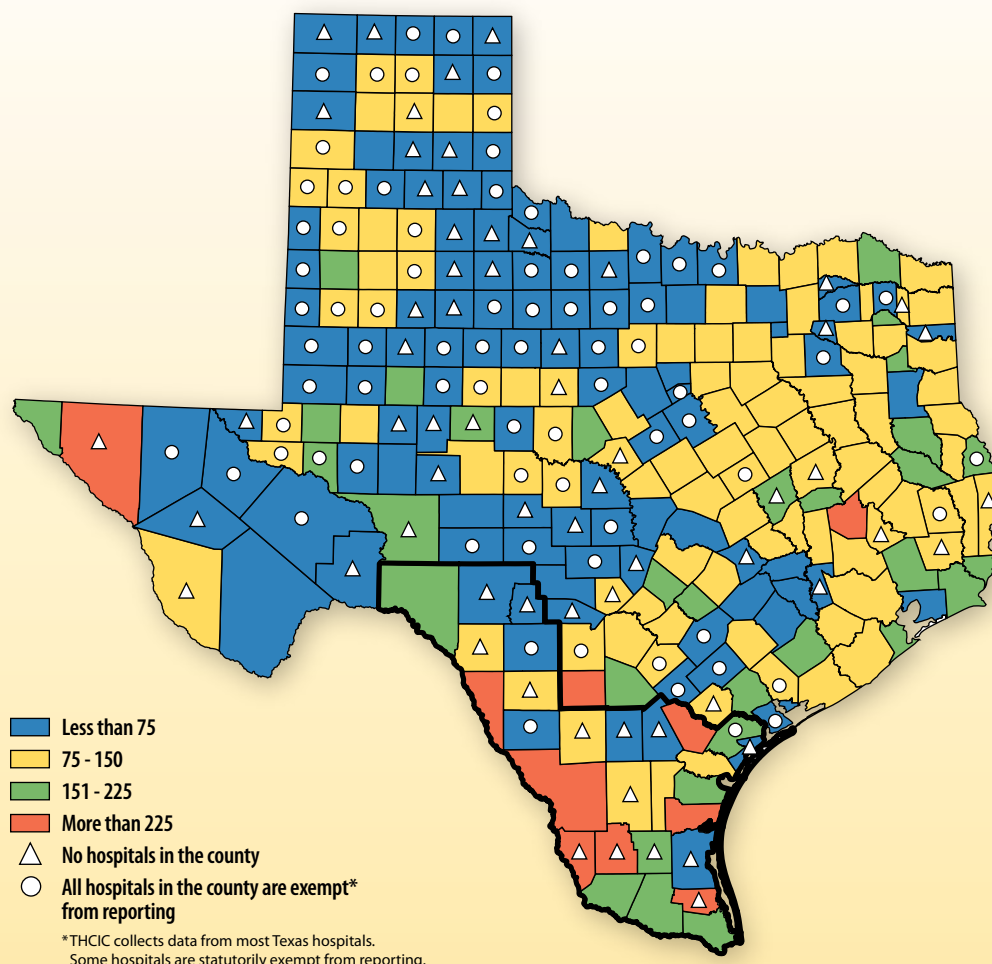
The University of Texas School of Public Health's Brownsville Regional Campus recently received a five-year, \$7 million federal grant to establish a "Center of Excellence" to

research diabetes in Americans of Mexican descent. Center researchers also will work with the media to create positive messages about physical activity and food choices. A special study will examine the role of Mexican-American families in reducing the risk of obesity and diabetes in children through parental intervention.⁴⁵

In Laredo, a campus of the University of Texas Health Science Center at San Antonio,

Exhibit 53

Admissions for Diabetes-Related Long-Term Complications per 100,000 Population, by Texas County, 2005



Source: Texas Department of State Health Services.

in partnership with Texas A&M International University, is developing a degree program in dietetics. The curriculum and program is anticipated to start in fall 2008.⁴⁶

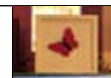
Local health care initiatives plus the efforts of higher education in the health care arena have increased the availability of health care in South Texas over the last 20 years and are expected to continue expanding services in the region.

The Federal Reserve Bank of Dallas expects health care and education to continue to be important sources of growth to the border region. In a ten-year period (1995-2005), the share of health care jobs in McAllen rose from 12 to 21 percent, and from 15 to 22 percent in Brownsville.⁴⁷

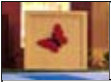
Workforce Solutions for South Texas, a local workforce board serving Jim Hogg, Webb, and Zapata counties, reported that between the first quarter of 2004 and the first quarter of 2005, ambulatory health care services showed the greatest gain in employment numbers for its region. Moreover, they report an anticipated growth rate of 42.5 percent for the health care industry between 2002 and 2012.⁴⁸

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Education

Economic growth begins with an educated work force. The foundation of any region's economic prospects is laid in the classroom.

The South Texas region has a number of positive indicators for future economic prosperity, and ranks above the statewide average on several education benchmarks. South Texas shows an enormous potential for producing a large educated work force, with a large number of school-aged children and school districts showing improvement. The area's young population is growing faster than the rest of the state. The region has a higher share of school districts ranked Academically Acceptable than in the state as

a whole, and its higher education institutions are increasing enrollment and the number of degrees they award.

Public Education

The South Texas region is home to 11.2 percent of Texas' 4.7 million public elementary and secondary students. It has 102 public and nine charter school districts with 844 campuses. These schools provide early childhood through Grade 12 education for more than 500,000 students.

The region's number of students has increased by 14.6 percent since the 2001-02 school year, outpacing the statewide increase of 12.7 percent over the same period and representing a net gain of almost 70,000 students.

In 2007-08, the region's largest independent school district (ISD) by enrollment was

The area's young population is growing faster than the rest of the state.



A graduate student reads to children at the Early Childhood Development Center at Texas A&M University-Corpus Christi

PHOTO: Texas A&M University-Corpus Christi



South Texas exceeded the state in percentage of districts ranking Academically Acceptable or better.

Brownsville ISD in Cameron County, with nearly 50,000 students. The smallest district with students through 12th grade was Big Springs Charter in Real County, with 115 students.

The region’s public school student population reflects an increasing Hispanic population share that is now nearly twice as large as the state average, at 91 percent versus 47.2 percent (Exhibit 54).

Although the number of students in the region identified as economically disadvantaged has increased since 2001-02, their percentage share of the total population is about the same. More than 350,000 students, or 77.7 percent of total enrollment, were identified as economically disadvantaged in 2001-02; by 2007-08,

more than 420,000 students, or 79.8 percent of the region’s students, were classified as economically disadvantaged. The statewide average was 55.2 percent in 2007-08.¹

Accountability

The region’s districts compared favorably with statewide averages in the 2007 district accountability ratings established by the Texas Education Agency (TEA). South Texas exceeded the state in percentage of districts ranking Academically Acceptable or better; in addition, its districts had a smaller-than-average percentage of Academically Unacceptable districts (Exhibit 55).²

As of August 2007, two of the region’s 111 districts were rated Exemplary; 14 were rated Recognized; 93 were rated Academically Acceptable; and two were rated Academically Unacceptable.³

The South Texas region tied the statewide average in its percentage of campuses rated Academically Acceptable or better (Exhibit 56).

Of the 844 total campuses in the region’s districts in 2006-07, including charter schools, 43 were rated Exemplary, 262 were Recognized, 440 were Academically Acceptable, 34 were rated Academically Unacceptable and 65 were listed as “Not Rated: Other.”⁴

Among the region’s districts that teach all grade levels, San Isidro ISD had the highest percentage of students passing all Texas Assessment of Knowledge and Skills (TAKS) tests in 2007, at 85 percent (excluding charters). TEA reported the statewide average as 67 percent. (An average for the South Texas region is unavailable since TEA reports district data only as percentages.)

Exhibit 54

Ethnicity of Public School Students, South Texas Region

Ethnicity	2001-02	2007-08
White	9.8%	7.2%
Hispanic	88.4	91.0
Black	1.1	1.0
Asian/Pacific Islander	0.5	0.6
Native American	0.2	0.1

Note: Numbers may not total due to rounding.
Source: Texas Education Agency.

Exhibit 55

2007 Accountability Ratings, School Districts

Rating	South Texas	Statewide
Exemplary	1.8%	2.2%
Recognized	12.6	17.8
Academically Acceptable	83.8	75.3
Academically Unacceptable	1.8	4.6
Not Rated: Other	0.0	0.2

Note: “Not Rated: Other” includes campuses such as alternative education programs or early childhood education centers. These data include charter districts. Numbers may not total due to rounding.
Source: Texas Education Agency.



South Texas graduating students registered higher-than-average participation in the SAT or ACT college entrance exams in 2006. Leakey and Woodsboro ISDs had the highest participation rate at 100 percent; the statewide average was 65.8 percent. Of the 90 South Texas districts for which data are available, 52 had participation shares above the state average.

The percentage of students taking the tests who scored at or above the criterion score that TEA uses to measure college readiness was highest in Port Aransas ISD, with 45.2 percent. Statewide, just 27.1 percent of the students who took at least one of the tests scored at or above the criterion score.⁵

Outcomes

In the 2006-07 school year, 24,251 students graduated from the South Texas region's public high schools, about 10 percent of the statewide total in that year. Corpus Christi ISD had the largest number of graduates (1,993) while Gabriel Tafolla Charter School had the smallest number, with one graduate.

About 23.6 percent of the region's students graduated under the Distinguished Achievement plan, the state's most stringent graduation plan, compared to 10.8 percent statewide; 62.1 percent under the Recommended plan; and 14.3 percent under the Minimum plan, a less-stringent graduation plan that requires both parental and school approval, or under an Individual Education Plan offered through Special Education (**Exhibit 57**).⁶

According to TEA, 47 of the region's 88 non-charter districts serving high school students had dropout rates lower than the statewide average of 3.7 percent. Among the

nearly 80 South Texas districts, including charters, for which student totals are available, more than 6,500 Grade 9-12 students dropped out during the 2005-06 school year.⁷

School Finance

In 2006-07, the South Texas region's total school spending per pupil, including capital outlay and debt service, averaged \$10,196, slightly higher than the statewide average of \$10,162.

In all, 29 districts in the region were 20 percent or more above the statewide spending average, while only 12 districts, including charters, fell more than 20 percent below the statewide average.

About 23.6 percent of the region's students graduated under the Distinguished Achievement plan, the state's most stringent graduation plan, compared to 10.8 percent statewide.

Exhibit 56

2007 Accountability Ratings, School Campuses

Rating	South Texas	Statewide
Exemplary	5.1%	8.0%
Recognized	31.0	29.2
Academically Acceptable	52.1	51.0
Academically Unacceptable	4.0	3.4
Not Rated: Other	7.7	8.4

Note: "Not Rated: Other" includes campuses such as alternative education programs or early childhood education centers. These data include charter campuses. Numbers may not total due to rounding.
Source: Texas Education Agency.

Exhibit 57

2007 High School Graduates South Texas Region vs. Statewide Averages

Graduation Plan	South Texas	Statewide
Distinguished Achievement	23.6%	10.8%
Recommended	62.1	67.0
Minimum/IEP*	14.3	22.1
Distinguished Achievement & Recommended as Percent of Total	85.7	77.9

*IEP: An individual education plan for students in Special Education.
Note: Numbers may not total due to rounding.
Source: Texas Education Agency.



Excluding charter districts, which do not receive funding from local tax revenue, the region’s lowest total tax rate in 2006 was in Webb ISD, at \$1.092 per \$100 of property value. Woodsboro ISD levied the highest rate, at \$1.806. The statewide average was \$1.452; 48 districts in the South Texas region had higher rates.

The average regional property wealth per pupil was \$162,119, which is 47 percent lower than the statewide average of \$305,208. Texas law requires districts with relatively high property wealth per pupil to share it with less-wealthy districts through a process called “equity transfers.” In 2006, ten districts in the South Texas region transferred \$54.8

million, an average of \$107.80 per pupil, to other districts; the statewide average was \$286 per pupil. Point Isabel ISD transferred the largest amount (\$13.8 million), while Kenedy County Wide ISD had the highest per-pupil transfer amount at \$69,738.

The region’s revenue from local taxes was lower than the statewide average, at 23.5 percent versus 45.8 percent. Comstock ISD obtained 77.2 percent of its revenue from local taxes, for the highest share in the region, while Edcouch-Elsa ISD had the lowest share, at 5.6 percent. The percentage of revenue from local sources such as transfers and tuition was lower in the region than statewide, at 4.8 percent compared to 6.7 percent.

According to TEA, 47 of the region’s 88 non-charter districts serving high school students had dropout rates lower than the statewide average of 3.7 percent.

Museums and the Arts

The South Texas region is home to a number of museums, performing arts organizations and other cultural organizations (**Exhibit 58**).

Exhibit 58
**Museums of Arts, Science and History,
Performing Arts Organizations and Film Commissions**

County Name	City	Venue or Organization Name
Aransas	Rockport	Texas Maritime Museum
Cameron	Brownsville	Brownsville Border Film Commission
Hidalgo	Edinburg	Museum of South Texas History
Hidalgo	McAllen	McAllen International Museum
Kenedy	Sarita	Kenedy Ranch Museum of South Texas
La Salle	Cotulla	Brush Country Historical Museum
Nueces	Corpus Christi	Corpus Christi Ballet, Harbor Playhouse, Art Museum of South Texas, Asian Cultures Museum, Texas State Aquarium, Corpus Christi Museum of Science and History and the U.S.S. Lexington Museum
Val Verde	Del Rio	The Upstagers and the Whitehead Memorial Museum
Webb	Laredo	Laredo Center for the Arts

Source: 2006-2007 Texas Almanac.



Rapid Response Center in South Texas

Historically, the South Texas region has been mostly rural, with an economy largely based on goods-producing sectors such as agriculture and textile manufacturing. In the past decade, however, apparel and textile manufacturing jobs diminished, spurring the regional economy to adapt and diversify. Now the region is home to some of the fastest-growing metropolitan statistical areas (MSAs) in the United States.

These MSAs — McAllen-Mission-Pharr, Brownsville-Harlingen and Laredo — are experiencing employment growth at rates greater than the state average. These growth rates are a testament to a more diversified regional economy and demonstrate an ability to adapt to changing employer demands.

A report, *2005 Skills Gap Report: A Survey of the American Manufacturing Workforce*, written by Phyllis Eisen, Jerry J. Jasinowski and Richard Kleinert, details the results of a series of surveys given to employers to determine skills gaps in the manufacturing sector. Among other findings, the report found that, “High-performance work force requirements have significantly increased as a result of the skills gap shortage and the challenge of competing in a global economy, according to nearly 75 percent of survey respondents.”⁸ To address the manufacturing work force skills gap, the University of Texas-Pan American (UTPA) has created a Rapid Response Manufacturing Center to serve the region’s industrial and manufacturing community by supporting research, development and demonstration projects leading to new products and businesses.

The UTPA Rapid Response Manufacturing Center opened with an official ribbon-cutting ceremony on April 11, 2008, and is the first of its kind in the world.

Keith Patridge, president and CEO of the McAllen Economic Development Corporation, recently told the *San Antonio Business Journal* that the new center will support and serve 20 to 30 new manufacturers moving to McAllen each year, as well as the nearly 300 international manufacturers already located in the greater metropolitan area. Mr. Patridge explained that manufacturing industry employers typically create a large number of jobs and economic benefit to a community.

He notes that the goal is to grow and retain the total number of high-wage, high-skilled advanced manufacturing jobs to at least 10 percent of total employment in the Rio Grande Valley over the next decade or so.⁹

A collaboration of state, federal and private support provides funding for the center. The North American Advanced Manufacturing Research and Education Initiative (NAAMREI) is an effort to develop a workforce with industry-specific skills and reduce a product’s time to market. The center is part of this initiative to develop a manufacturing research park in the Rio Grande Valley. The UTPA Rapid Response Manufacturing Center is the link to the NAAMREI service network. According to the NAAMREI website, “As part of its focus on developing world-class and rapid response advanced manufacturing capabilities, initiative partners have invested in a variety of applied research, development and demonstration programs and services through The University of Texas-Pan American’s Rapid Response Manufacturing Center.” Research, development and demonstration services are “already available to help companies plan, design and prototype the products of tomorrow today.” NAAMREI is a U.S Department of Labor Workforce Innovation in Regional Economic Development (WIRED) project devoted to developing a highly skilled workforce in the South Texas region and increasing business opportunities.

WIRED is an innovative regional approach to workforce and economic development. The WIRED model directs regions to combine economic and workforce development activities and demonstrate that skill development can lead to economic revitalization in regional economies across the United States.



Encino ISD received about 86.2 percent of its revenue from the state in 2006-07, the highest share among non-charter districts. Kenedy County Wide ISD received the smallest state share, at 9.6 percent. The regional average for 2006-07 was 56.6 percent, much higher than the statewide average of 37.8 percent. The region also received a higher share of federal funds than the statewide average, at 15.1 percent versus 9.8 percent.¹⁰

Teachers

The average South Texas teacher salary in 2007-08 was \$45,742, close to the statewide average of \$46,178. Webb ISD had the highest average salary at \$57,991. (Note that a district's average salary is strongly affected by the length of teachers' tenure as well as wage levels; in other words, District A may have a higher average salary than District B because it has a higher percentage of experienced teachers, even though its wage levels for various levels of experience may be lower than District B's.)

Average teacher salaries in the South Texas region rose by 16.3 percent from 2002-03 to 2007-08, compared with a statewide average increase of 15.5 percent. Charter School Gateway Academy in Webb County had the highest percentage increase over this period, at 50.7 percent.

The region's teacher salaries accounted for 29 percent of its total district expenditures from all funds in 2007-08, including capital expenditures and debt service, slightly lower than the statewide average of 30.1 percent. The highest expenditure share within the region was 42.3 percent for Ricardo ISD. In all, 51 of the region's 111 districts devoted a

higher-than-average percentage of expenditures to teacher salaries.¹¹

The region's teacher turnover rate from 2005-06 to 2006-07 was 12.4 percent, below the statewide average of 15.6 percent. The rate was lowest for Lasara and Encino ISDs, which had no teachers leave. In all, 51 South Texas districts had turnover rates lower than the statewide average.

In 2006-07, the region had a higher average number of students per teacher, at 15.2 versus a statewide average of 14.7. Big Springs Charter School and Webb ISD had the smallest number of students per teacher, at 7.7.¹²

Higher Education

The South Texas educational landscape is undergoing a dramatic change. Although 24 of the region's 28 counties have high percentages of adults without high school diplomas, college attendance rates are growing much faster than in the rest of the state.¹³ The number of degrees awarded by South Texas public universities from fiscal 2000 to fiscal 2007 rose considerably, with the University of Texas at Brownsville booking a notable 75.9 percent increase.

South Texas has 13 institutions of higher education that operate 26 campuses in the region, as well as eight health-related centers affiliated with the University of Texas Health Science Center at Houston, the University of Texas Health Science Center at San Antonio and Texas A&M University System Health Science Center (**Exhibit 59**).

Twelve of the region's 28 counties have at least one higher education campus (**Exhibit 60**).

College attendance rates in South Texas are growing much faster than in the rest of the state.



The South Texas region has six public universities: Texas A&M University-Corpus Christi, Texas A&M University-Kingsville, the University of Texas at Brownsville, the University of Texas-Pan American at Edinburg, Texas A&M International University at Laredo and Sul Ross State University Rio Grande College, which has three campuses located at Eagle Pass, Del Rio and Uvalde.

The South Texas region also has six community college districts — Coastal Bend College, Del Mar College, Laredo Community College, South Texas College, Southwest Texas Junior College and Texas Southmost

College — with a total of 12 campuses in 11 counties. In addition, the region has a branch of Texas State Technical College in Harlingen.

The region has eight public health-related campuses of the University of Texas at San Antonio, the University of Texas at Houston and Texas A&M University System located in Cameron, Hidalgo, Kleberg, Nueces and Webb counties.¹⁴

Enrollment

In fall 2007, 110,301 students were enrolled in South Texas colleges and undergraduate

Exhibit 59

Institutions of Higher Education South Texas Region

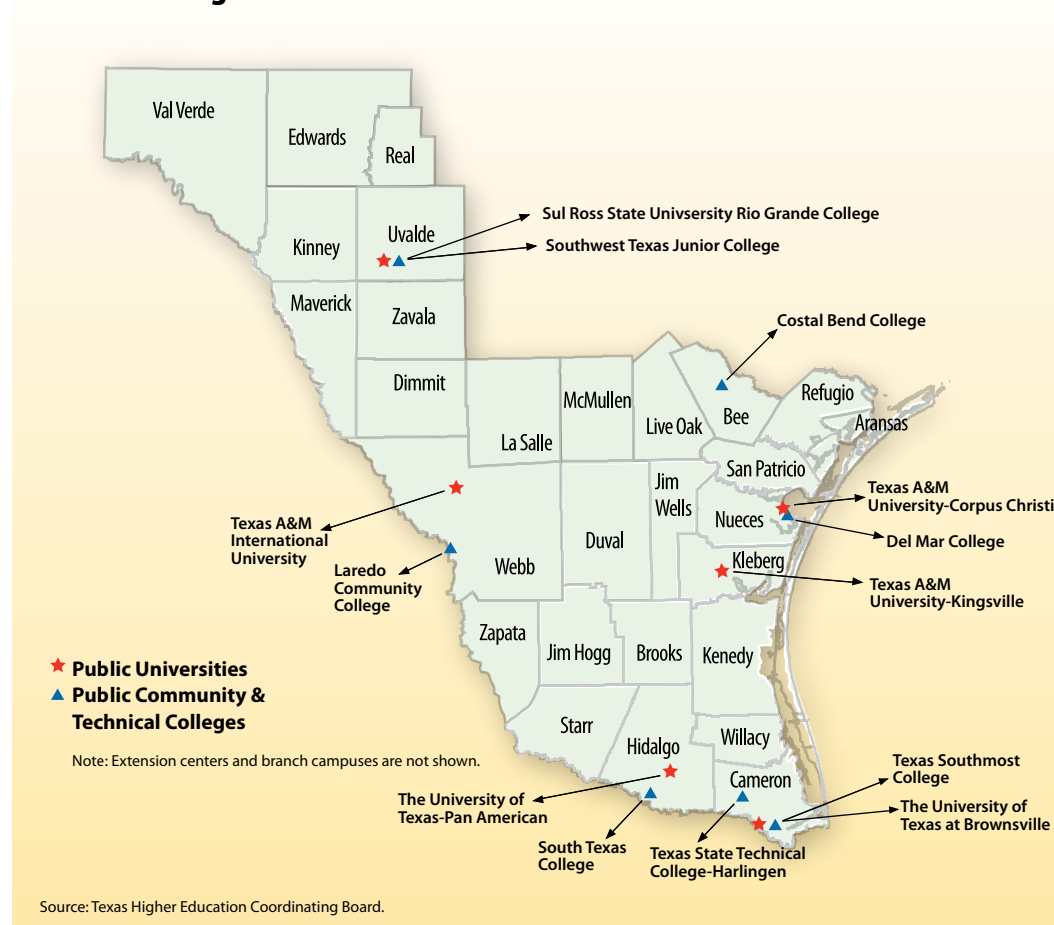




Exhibit 60

Higher Education Campuses, South Texas Region

Institution	City	County
Coastal Bend College	Beeville	Bee
Texas Southmost College	Brownsville	Cameron
Texas State Technical College-Harlingen	Harlingen	Cameron
The University of Texas at Brownsville	Brownsville	Cameron
The University of Texas Health Science Center-Houston School of Public Health	Brownsville	Cameron
The University of Texas Health Science Center-San Antonio Lower Rio Grande Valley Regional Academic Health Center	Brownsville	Cameron
The University of Texas Health Science Center-San Antonio Lower Rio Grande Valley Regional Academic Health Center	Harlingen	Cameron
South Texas College (5 campuses)	McAllen	Hidalgo
Texas A&M University System Health Science Center-Center for Rural Public Health	McAllen	Hidalgo
Texas A&M University-Kingsville Teaching Site	Weslaco	Hidalgo
The University of Texas-Pan American	Edinburg	Hidalgo
The University of Texas Health Science Center-San Antonio Lower Rio Grande Valley Regional Academic Health Center	Edinburg	Hidalgo
Coastal Bend College Alice Center	Alice	Jim Wells
Texas A&M University System Health Science Center-Coastal Bend Health Education Center	Kingsville	Kleburg
Texas A&M University-Kingsville	Kingsville	Kleburg
Coastal Bend College-Kingsville Center	Kingsville	Kleburg
Sul Ross State University Rio Grande Branch Campus-Eagle Pass	Eagle Pass	Maverick
Southwest Texas Junior College-Eagle Pass Outreach Center	Eagle Pass	Maverick
Del Mar College	Corpus Christi	Nueces
Texas A&M University-Corpus Christi	Corpus Christi	Nueces
Texas A&M University System Health Science Center-Coastal Bend Health Education Center	Corpus Christi	Nueces
South Texas College Rio Grande Extension Center	Rio Grande	Starr
Southwest Texas Junior College	Uvalde	Uvalde
Sul Ross State University Rio Grande College	Uvalde	Uvalde
Sul Ross State University Rio Grande Branch Campus-Del Rio	Del Rio	Val Verde
Southwest Texas Junior College-Del Rio Outreach Center	Del Rio	Val Verde
The University of Texas Health Science Center-San Antonio Teaching Site	Laredo	Webb
Texas A&M International University	Laredo	Webb
Laredo Community College	Laredo	Webb
Southwest Texas Junior College-Crystal City Extension	Crystal City	Zavala

Source: Texas Higher Education Coordinating Board.



universities. Enrollment in the undergraduate universities accounted for 40.5 percent of the total, while the remaining 59.5 percent were enrolled in two-year institutions.

The region's largest higher education institution by enrollment is South Texas College, with 19,808 students enrolled in fall 2007. The smallest institution is Sul Ross State University-Rio Grande College, with 941 students enrolled.

The South Texas region has seen phenomenal enrollment growth. Enrollment in its universities rose by 37.1 percent between 2000 and 2007, compared to a statewide growth rate of 19.9 percent. Enrollment in two-year colleges rose by 44.7 percent compared to a state increase of 31.1 percent. During this period, universities in the region added 12,070 students and community colleges gained 20,280.

In 2007, a little more than 2 percent of the South Texas region's population was enrolled in public universities, while 3 percent were enrolled in two-year public institutions. Added together, 5 percent of the South Texas region's population was enrolled in a public higher education institution. Statewide, 2 percent of the population was enrolled in a public university and another 2.5 percent was enrolled in a two-year public institution.

Among the region's institutions, South Texas College had the largest enrollment growth between 2000 and 2007, adding 8,625 students, while Texas Southmost College had the highest percentage growth at 94 percent (**Exhibit 61**).¹⁵

Accessibility

Universities in South Texas accepted an average of 83.1 percent of first-time un-

South Texas College's Dual Enrollment Academy Programs

Cecilia G. Corral earned her associate's degree in engineering three weeks before graduating as the salutatorian of Pharr-San Juan-Alamo High School. Corral graduated as part of South Texas College's Dual Enrollment Engineering Academy (DEEA). The Academy is designed to motivate high school students to undertake engineering as a profession by providing them college course-work and engineering related opportunities to complete an Associate of Science (AS) degree in engineering by the end of their high school senior year. South Texas College also operates the Dual Enrollment Medical Science Academy for students interested in pursuing health related occupations. In addition to earning her high school diploma and associate's degree simultaneously, Corral earned almost \$600,000 in scholarships, including a full scholarship to Stanford University in California.¹⁶

dergraduate applicants for the fall 2006 semester, slightly below the statewide average of 87.6 percent. The University of Texas at Brownsville and Sul Ross State University Rio Grande College both accepted 100 percent of their applicants.

About 14.3 percent of first-time undergraduate applicants at South Texas universities were accepted because they were in the top 10 percent of their high school graduating class, compared to 23 percent of applicants statewide. About 20.5 percent of accepted students at Texas A&M University-Corpus Christi had been in the top 10 percent of their class, the highest percentage in the region.¹⁷

Outcomes

Because some degrees require more than four years of study, and because some stu-



Exhibit 61

South Texas, Fall Enrollment at Higher Education Institutions

Institution	Fall 2000 Enrollment	Fall 2007 Enrollment	Enrollment Change	% Change
The University of Texas at Brownsville	3,157	5,953	2,796	88.6%
The University of Texas-Pan American (Edinburg)	12,760	17,435	4,675	36.6
Texas A&M University-Corpus Christi	6,823	8,563	1,740	25.5
Texas A&M University-Kingsville	5,942	6,547	605	10.2
Texas A&M International University	3,038	5,179	2,141	70.5
Sul Ross State University Rio Grande College	828	941	113	13.6
Regional Total – Public Universities	32,548	44,618	12,070	37.1%
Statewide Total – Public Universities	414,626	497,195	82,569	19.9%
Coastal Bend College	3,026	3,113	87	2.9
Del Mar College	9,683	11,138	1,455	15.0
Laredo Community College	7,284	7,737	453	6.2
South Texas College	11,183	19,808	8,625	77.1
Southwest Texas Junior College	3,716	4,875	1,159	31.2
Texas Southmost College	7,245	14,055	6,810	94.0
Texas State Technical College-Harlingen	3,266	4,957	1,691	51.8
Regional Total – Two-year Public Colleges	45,403	65,683	20,280	44.7%
Statewide Total – Two-year Public Colleges	447,998	587,244	139,246	31.1%

Note: Regional data do not include enrollment for branch campuses of health-related institutions in South Texas since enrollment is not reported separately to the Texas Higher Education Coordinating Board. Data for all institutions includes health-related and independent institutions.
Source: Texas Higher Education Coordinating Board.

Camp Get FIT

Summer camp is filled with fun outdoor activities, making new friends and learning new skills. In South Texas, Camp Get FIT offers children all the elements of summer camp while at the same time teaching lifelong lessons in nutrition and health. Peggy Visio, a consulting dietician and adjunct assistant professor in the School of Allied Health Sciences at the U.T. Health Science Center in San Antonio, is the Camp Get FIT director. College students from the U.T. Health Science Center, Texas State University-San Marcos and Universidad Iberioamericana in Mexico City work as camp counselors for students from Carrizo Springs CISD and Crystal City ISD.

The four weeklong day camps are offered free of charge to students. Eligible students must have Body Mass Index (BMI) profiles higher than 95 percent, using U.S. Centers for Disease Control and Prevention standards. Camp Get Fit is funded by the Methodist Healthcare Ministries, working with local school districts to provide daily swimming, nutrition and cooking lessons, talent shows and arts and crafts projects. Parents are required to attend one evening class per week.

Camp Get Fit gives the school districts' menus a make-over as well, changing every recipe the school districts serve at their summer food programs. Camp Get Fit serves campers only fresh fruits and vegetables, low fat milk and all cooking is from scratch.¹⁸



dents may need more time to graduate, the Texas Higher Education Coordinating Board (THECB) compares four-year and six-year graduation rates to measure university outcomes. Graduation rates improved between fiscal 1999 and fiscal 2006 for all universities in South Texas (**Exhibit 62**).

Because many community college students go on to a university to obtain a four-year degree, THECB also compares three-year and six-year graduation rates to measure community college outcomes. Coastal Bend College had the South Texas region's highest three-year graduation rate in fiscal 2006,

while Laredo Community College had the highest six-year graduation rate. Most community colleges showed improvement in their three-year and six-year graduation rates from fiscal 2000 to fiscal 2006. Most also ranked well compared to the statewide average for three-year graduation rates in fiscal 2006 (**Exhibit 63**).

From fiscal 2000 to fiscal 2007, the number of degrees awarded by all but one of South Texas' public universities exceeded the statewide increase of 30.3 percent (**Exhibit 64**). The University of Texas-Pan American had the largest numerical increase, at

Exhibit 62

Four- and Six-Year Graduation Rates (First-Time, Full-Time, Degree-Seeking Students) South Texas Public Universities

Institution	Fiscal 1999 4-year	Fiscal 1999 6-year	Fiscal 2006 4-year	Fiscal 2006 6-year
Texas A&M University-Corpus Christi	15.7%	NA	21.3%	53.8%
Texas A&M University-Kingsville	4.7	27.1	9.3	36.4
Texas A&M International University	11.8	NA	13.9	48.7
The University of Texas-Pan American	5.5	25.2	13.6	37.0
Statewide Average	18.0%	49.2%	25.1%	57.2%

Note: The University of Texas at Brownsville and Sul Ross State University—Rio Grande College are not included because they are upper-division only.
Source: Texas Higher Education Coordinating Board.

Exhibit 63

Three- and Six-Year Graduation Rates (First-time, Full-time, Credential-Seeking Students) South Texas Community Colleges

Institution	Fiscal 2000 3-year	Fiscal 2000 6-year	Fiscal 2006 3-year	Fiscal 2006 6-year
Coastal Bend College	19.2%	39.9%	23.9%	29.7%
Del Mar College	9.0	21.4	8.8	28.4
Laredo Community College	12.6	34.5	17.4	37.6
South Texas College	17.4	38.0	12.7	28.3
Southwest Texas Junior College	14.9	27.6	17.5	28.9
Texas Southmost College	6.9	24.9	11.1	31.1
Statewide Average	10.8%	25.7%	12.1%	30.6%

Source: Texas Higher Education Coordinating Board.



1,247 degrees, while the University of Texas at Brownsville had the highest percentage increase, at 75.9 percent.

Over the same period, most two-year colleges in the region increased their number of degrees and certificates awarded; the statewide increase for community and technical colleges was 43.5 percent. Among the six community colleges in the region, South Texas College had both the largest numerical growth, with 1,003 additional degrees awarded, and the sharpest percent increase, at 122.5 percent (**Exhibit 65**).¹⁹

Affordability

From 2002-03 to 2007-08, estimated resident tuition and fees at most public universities in South Texas were below the statewide average. Texas A&M University-Kingsville had the lowest increase over this period, at 45 percent, much lower than the statewide average of 66.6 percent (**Exhibit 66**).

According to the Texas Higher Education Coordinating Board, the South Texas region's lowest estimated annual cost for tuition and fees, books and supplies, room and board, transportation and personal expenses for

Exhibit 64

Degrees Awarded, South Texas Region Public Universities, Fiscal 2000 and 2007

Institution	Fiscal 2000	Fiscal 2007	Change	% Change
University of Texas at Brownsville	626	1,101	475	75.9%
The University of Texas – Pan American	1,780	3,027	1,247	70.1
Texas A&M University – Corpus Christi	1,309	1,737	428	32.7
Texas A&M University – Kingsville	1,040	1,545	505	48.6
Texas A&M International University	558	973	415	74.4
Sul Ross State University Rio Grande College	226	198	-28	-12.4
Statewide Total	78,970	102,897	23,927	30.3%

Source: Texas Higher Education Coordinating Board.

Exhibit 65

Degrees and Certificates Awarded, South Texas Region Two-Year Colleges, Fiscal 2000 vs. 2007

Institution	Fiscal 2000	Fiscal 2007	Change	% Change
Coastal Bend College	558	499	-59	-10.6%
Del Mar College	1,020	1,302	282	27.6
Laredo Community College	693	868	175	25.3
South Texas College	819	1,822	1,003	122.5
Southwest Texas Junior College	355	615	260	73.2
Texas Southmost College	593	1,261	668	112.6
Texas State Technical College-Harlingen	587	454	-133	-22.7
South Texas Total	4,625	6,821	2,196	47.5
Statewide	40,553	58,202	17,649	43.5%

Source: Texas Higher Education Coordinating Board.



Exhibit 66

South Texas Region, College Costs, 2002-03 and 2007-08**Public Universities**

Institution	Resident Tuition and Fees 2002-03	Resident Tuition and Fees 2007-08	Dollar Change 2002-03 to 2007-08	% Change 2002-03 to 2007-08	Resident Total Costs 2002-03	Resident Total Costs 2007-08	% Change 2002-03 to 2007-08
Texas A&M International University	\$3,004	\$5,038	\$2,034	67.7%	\$12,631	\$15,902	25.9%
Texas A&M University – Corpus Christi	3,568	5,640	2,073	58.1	13,158	19,345	47.0
Texas A&M University – Kingsville	3,365	4,878	1,513	45.0	11,181	14,178	26.8
The University of Texas at Brownsville	2,349	4,665	2,316	98.6	13,875	17,650	27.2
The University of Texas – Pan American	2,745	4,613	1,868	68.1	13,199	16,729	26.7
Statewide Average	\$3,441	\$5,732	\$2,291	66.6%	\$13,047	\$17,494	34.1%

Public Community Colleges

Institution	Resident Tuition and Fees 2002-03	Resident Tuition and Fees 2007-08	Dollar Change 2002-03 to 2007-08	% Change 2002-03 to 2007-08	Resident Total Costs 2002-03	Resident Total Costs 2007-08	% Change 2002-03 to 2007-08
Coastal Bend College	\$1,233	\$2,130	\$898	72.8%	\$8,381	\$8,802	5.0%
Del Mar College	1,138	1,914	776	68.2	9,878	10,500	6.3
Laredo Community College	1,725	1,716	-9	-0.5	10,449	10,335	-1.1
South Texas College	1,575	2,022	447	28.4	8,815	7,732	-12.3
Southwest Texas Junior College	1,560	1,695	135	8.7	9,510	8,995	-5.4
Texas Southmost College	2,349	4,180	1,831	77.9	13,875	12,985	-6.4
Statewide Average	\$1,120	\$1,638	\$518	46.3%	\$9,248	\$10,456	13.1%

Technical Colleges

Institution	Resident Tuition and Fees 2002-03	Resident Tuition and Fees 2007-08	Dollar Change 2002-03 to 2007-08	% Change 2002-03 to 2007-08	Resident Total Costs 2002-03	Resident Total Costs 2007-08	% Change 2002-03 to 2007-08
Texas State Technical College-Harlingen	\$2,280	\$3,072	\$792	34.7%	\$8,664	\$14,105	62.8%
Statewide Average	\$1,941	\$2,806	\$865	44.6%	\$7,718	\$12,564	62.8%

Note: Resident total costs include tuition and fees, books and supplies, room and board, transportation and personal expenses.
Source: Texas Higher Education Coordinating Board.



the 2007-08 academic year was Texas A&M University-Kingsville's, at \$14,178, compared to a statewide average of \$17,494. Texas A&M International University had the lowest percentage increase over the period, at 25.9 percent, compared to a statewide average increase of 34.1 percent.

From 2002-03 to 2007-08, the estimated average increase in resident tuition and fees at community colleges statewide was \$518, about 46.3 percent; Laredo Community College's estimated tuition and fees actually fell slightly over the period. In 2007-08, tuition and fees in the region were lowest at Southwest Texas Junior College, at \$1,695.²⁰

The total cost of attending the region's community colleges in 2007-08, including tuition and fees, books and supplies, room and board, transportation and personal expenses, was lowest at South Texas College at \$7,732; the statewide average for community colleges was \$10,456.²¹

From 2002-03 to 2007-08, estimated resident tuition and fees at Texas State Technical College (TSTC) in Harlingen rose by 34.7 percent, compared to 44.6 percent for all TSTC colleges. Total resident costs

increased by 62.8 percent at the Harlingen campus, matching the statewide average increase.²²

Funding

The statewide average increase for public universities' total revenue, including tuition and fees, general revenue appropriations, federal funds and institutional funds, rose by 17.1 percent from fiscal 2005 to fiscal 2007. In the South Texas region, Texas A&M International University had the highest increase with 19.4 percent, UT-Pan American followed with an increase of 16.8 percent. Texas A&M University-Kingsville had the lowest increase with 5.1 percent during fiscal 2005 to fiscal 2007. The University of Texas at Brownsville's total revenues increased by 15.8 percent and Texas A&M University- Corpus Christi had an increase of 15.3 percent over the same period (Exhibit 67).²³

Total appropriations for community colleges in the 2004-05 biennium declined for all of the region's community colleges except South Texas Community College. By the 2008-09 biennium, however, all colleges except Del Mar had regained their loss. South

From 2002-03 to 2007-08, the estimated resident tuition and fees at most universities in South Texas were below the statewide average.

Exhibit 67

Public University Revenue, South Texas Region

Texas A&M International University

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$4,892,099	\$8,723,389	78.3%
State appropriations	37,720,665	40,441,691	7.2
Federal funds	8,265,943	10,879,603	31.6
Institutional funds	3,050,715	4,326,713	41.8
Total Revenue	\$53,929,422	\$64,371,396	19.4%



Exhibit 67 (cont.)

Public University Revenue, South Texas Region**Texas A&M University-Corpus Christi**

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$23,567,245	\$27,919,153	18.5%
State appropriations	51,329,733	54,436,901	6.1
Federal funds	13,276,974	16,637,525	25.3
Institutional funds	8,093,448	11,972,343	47.9
Total Revenue	\$96,267,400	\$110,965,922	15.3%

Texas A&M University-Kingsville

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$18,063,880	\$20,328,705	12.5%
State appropriations	41,965,983	46,790,544	11.5
Federal funds	18,887,514	16,394,800	-13.2
Institutional funds	9,371,869	9,298,891	-0.8
Total Revenue	\$88,289,245	\$92,812,940	5.1%

The University of Texas at Brownsville

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$8,310,456	\$10,644,269	28.1%
State appropriations	28,906,824	32,357,371	11.9
Federal funds	33,058,628	34,245,292	3.6
Institutional funds	39,933,567	50,428,149	26.3
Total Revenue	\$110,209,475	\$127,675,081	15.8%

The University of Texas-Pan American

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$25,594,942	\$34,224,125	33.7%
State appropriations	76,098,422	84,278,466	10.7
Federal funds	43,790,771	49,707,249	13.5
Institutional funds	12,827,552	16,642,343	29.7
Total Revenue	\$158,311,687	\$184,852,183	16.8%

Statewide

Revenue Source	Fiscal 2005	Fiscal 2007	% Increase
Tuition and fees	\$1,839,294,505	\$2,220,917,368	20.7%
State appropriations	2,386,973,289	2,623,776,679	9.9
Federal funds	1,073,599,126	1,179,340,272	9.8
Institutional funds	1,117,526,847	1,489,717,723	33.3
Total Revenue	\$6,417,393,767	\$7,513,752,042	17.1%

Note: Numbers may not total due to rounding.

Source: Texas Higher Education Coordinating Board.

From fiscal 2000 to fiscal 2007, the number of degrees awarded by all but one of South Texas' public universities exceeded the statewide increase of 30.3 percent.



Texas Community College, Southwest Texas Junior College and Texas Southmost College exceeded the statewide percentage gain in appropriations between the 2002-03 biennium and 2008-09 (**Exhibit 68**).²⁴

Contact hours — the time a professor actually spends in the classroom with students — for community, state and technical colleges rose by 19.8 percent statewide from fall 2000 to fall 2007. In the South Texas region, contact hours increased at all but one community college, with highs of 54.8

percent for South Texas Community College and 49.6 percent for Texas Southmost College (**Exhibit 69**).²⁵

The growth in educational achievement will play a vital and positive role in the region's economic future. The positive upswing in enrollment in South Texas colleges and universities will place new demands on the region's higher education infrastructure, requiring more instructors to keep pace with the demand for higher educational services.

Exhibit 68

General Revenue Appropriations, Public Community and Technical Colleges South Texas Region and Statewide

Institution	2002-03 Biennium	2004-05 Biennium	2006-07 Biennium	2008-09 Biennium	% Change 2002-03 to 2008-09
Coastal Bend College	\$16,306,814	\$15,603,441	\$16,056,580	\$16,626,862	2.0%
Del Mar College	46,090,564	44,369,980	44,880,520	45,354,034	-1.6
Laredo Community College	31,226,830	27,365,474	31,980,191	32,386,031	3.7
South Texas Community College	43,820,337	44,796,314	55,845,598	58,917,638	34.5
Southwest Texas Junior College	14,859,304	14,485,812	17,765,421	18,742,536	26.1
Texas Southmost College	23,287,069	21,684,905	24,540,092	27,965,642	20.1
Texas State Technical College- Harlingen	37,394,737	34,492,817	48,189,697	39,518,634	5.7
Public Community & Technical College Statewide Total	\$1,973,347,172	\$1,851,863,769	\$2,075,997,403	\$2,169,986,421	10.0%

Source: Texas Higher Education Coordinating Board.



Exhibit 69

South Texas Region, Community, State and Technical Colleges Contact Hours Fall 2000 vs. Fall 2007

Institution	Fall 2000	Fall 2007	% Change 2000 to 2007
Coastal Bend College	712,456	524,712	-26.4%
Del Mar College	1,798,168	2,004,096	11.5
Laredo Community College	1,283,376	1,349,312	5.1
South Texas Community College	2,095,232	3,244,208	54.8
Southwest Texas Junior College	666,080	712,896	7.0
Texas Southmost College	1,230,454	1,840,464	49.6
Texas State Technical College- Harlingen	843,134	972,256	15.3
Public Community & Technical College Statewide Total	77,504,052	92,860,864	19.8%

Note: Contact hours include only those with a full or part-time faculty instructing by lecture, lab or practicum. Classes taught at an inter-institutional location are excluded.

Source: Texas Higher Education Coordinating Board.

Endnotes

- ¹ Data drawn from the Texas Education Agency Standard Reports database at http://www.tea.state.tx.us/adhocrpt/Standard_Reports.html. (Last visited July 2, 2008.)
- ² Data drawn from the Texas Education Agency 2007 Accountability Rating System database at <http://www.tea.state.tx.us/perfreport/account/2007/index.html>. (Last visited July 2, 2008.)
- ³ Data drawn from the Texas Education Agency 2007 Accountability Rating System database. (Seashore Middle Academy began operating in 2007-08 and so is not included in the ratings.)
- ⁴ Data drawn from the Texas Education Agency 2007 Accountability Rating System database.
- ⁵ Data drawn from the Texas Education Agency 2006-07 Academic Excellence Indicator System database at <http://www.tea.state.tx.us/perfreport/aeis/2007/index.html>. (Last visited July 2, 2008.)
- ⁶ Data drawn from Texas Education Agency Standard Reports database.
- ⁷ Texas Education Agency, *Secondary School Completion and Dropouts in Texas Public Schools 2005-06: District Supplement* (Austin, Texas, August 2007), pp. 44-68, http://www.tea.state.tx.us/research/pdfs/dropcomp_district_supp_2005-06.pdf; and Texas Education Agency, *Secondary School Completion and Dropouts in Texas Public Schools 2005-06* (Austin, Texas, August 2007), p. 44, http://www.tea.state.tx.us/research/pdfs/dropcomp_2005-06.pdf. (Last visited July 2, 2008.)
- ⁸ National Association of Manufacturers, Manufacturing Institute/Center for Workforce Success and Deloitte Consulting LLP, 2005 *Skills Gap Report: A Survey of the American Manufacturing Workforce*, Phyllis Eisen, Jerry J. Jasinowski and Richard Kleinert, http://www.nam.org/s_nam/bin.asp?CID=89&DID=235731&DOC=FILE.PDF. (Last visited July 7, 2008.)
- ⁹ Tamarind Phinisee, "New Center Kicks Off Valley's Drive to Create Manufacturing Mecca," San Antonio Business Journal (March 28, 2008) <http://sanantonio.bizjournals.com/sanantonio/stories/2008/03/31/story7.html>. (Last visited July 8, 2008.)
- ¹⁰ Data drawn from the Texas Education Agency PEIMS Financial Reports database at http://www.tea.state.tx.us/school.finance/forecasting/financial_reports/FinRep_index.html. (Last visited July 2, 2008.)
- ¹¹ Data drawn from Texas Education Agency Standard Reports database.
- ¹² Data drawn from Texas Education Agency 2006-07 Academic Excellence Indicator System database.
- ¹³ South Texas College, Statement of Wanda F. Garza, Executive Officer: Testimony before the Texas House Select Committee on Public and Higher Education, Public Hearing, McAllen, Texas, May 9, 2008.
- ¹⁴ Texas Higher Education Coordinating Board, "Higher Education Locator Map (HELM)," <http://www.theccb.state.tx.us/InteractiveTools/HELM/List.cfm>. (Last visited July 7, 2008.)
- ¹⁵ Data drawn from the Higher Education Accountability System database at <http://www>.



- txhighereddata.org/Interactive/Accountability/. (Last visited July 7, 2008.)
- ¹⁶ Texas Education Agency, “Pharr-San Juan-Alamo High School Student Receives Associate Degree Before Receiving High School Diploma,” <http://www.tea.state.tx.us/comm/stars/feature/current/feature.html>; and South Texas College, “Dual Enrollment Engineering Academy,” <http://academicaffairs.southtexascollege.edu/highschool/academics/deea/index.html>. (Last visited July 8, 2008.)
- ¹⁷ Texas Higher Education Coordinating Board, “First-time Undergraduate Applicant, Acceptance, and Enrollment Information for Summer/Fall 2006,” <http://www.theccb.state.tx.us/Reports/PDF/1314.PDF>. (Last visited July 3, 2008.)
- ¹⁸ Interview with Peggy Visio, adjunct assistant professor in the School of Allied Health Sciences at the Health Science Center in San Antonio and Director, Camp Get Fit, June 12, 2008.
- ¹⁹ Data drawn from the Higher Education Accountability System database.
- ²⁰ Texas Higher Education Coordinating Board, “H Ed Student Costs—Budget Summary all yrs to date.xls,” (Excel spreadsheet); and Texas Higher Education Coordinating Board, “College Costs: 2007-2008,” <http://www.collegefortexans.com/paying/collegecostsfull.cfm>. (Last visited April 4, 2008.)
- ²¹ Texas Higher Education Coordinating Board, “College Costs: 2007-2008.”
- ²² Texas Higher Education Coordinating Board, “H Ed Student Costs – Budget Summary all yrs to date.xls”; and “College Costs: 2007-2008.”
- ²³ Texas Higher Education Coordinating Board, data drawn from the Higher Education Accountability System database.
- ²⁴ Texas Higher Education Coordinating Board, “Appropriations 2002 and 2003”; “Appropriations 2004 and 2005”; “Appropriations 2006 and 2007”; and “Appropriations 2008 and 2009.” (Excel spreadsheets.)
- ²⁵ Data drawn from the Higher Education Accountability System database.



Conclusion

With a young and rapidly growing population, the South Texas region is poised to continue its economic growth. Maintaining the region's infrastructure, educating its work force and providing an expansive health care system will ensure that the economy continues to grow.

The region's economy should continue its recent success, with job growth expected to outpace the state as a whole over the next four years. Health care and transportation are expected to be among the most competitive industries. The region's young population will be poised to enter these new jobs.

The region also has abundant natural resources, including two rivers, three major aquifers, natural gas reserves and uranium deposits, all of which should help the region sustain strong economic growth. Economic expansion is also supported by a geography and infrastructure conducive to international trade. The acceleration of economic activity in the region, much of it related to international trade, has placed some strains on the region's transportation infrastructure, but plans for improvement should help the region continue to attract new businesses.

The region's rapid population growth has contributed, along with other factors, to a

high growth rate in health care employment. Still, limited access to health care remains a challenge in South Texas. But recent innovations, including an increase in research programs, professional training and new service sites, should improve the quality and accessibility of care in the area.

The South Texas region is also home to school districts that outperform the state in several areas. To educate the region's young population, the area offers more than two dozen higher education campuses that have seen a rapid growth in enrollment, helping to prepare the region's work force of tomorrow.

The Comptroller's office is ready to help the South Texas region meet challenges with information and analysis. For assistance, please contact the Comptroller's Local Government Assistance and Economic Development Division at www.window.state.tx.us/lga, or toll-free at (800) 531-5441, ext. 3-4679.

We will continue to provide local and state leaders with detailed information in this continuing series of reports. We look forward to providing you with these future publications, which will highlight each of the state's 12 economic regions (**Exhibit 70**).

Please see the Comptroller's *Texas in Focus: A Statewide View of Opportunities* at www.window.state.tx.us/specialrpt/tif, for a statewide perspective, and *Texas in Focus: High Plains* at www.window.state.tx.us/specialrpt/tif/highplains, for a look at the first regional report.



Exhibit 70

Map of Economic Regions

